

Dr a
ugh

NEWS SUMMARY

GENERAL

Labour MP in votes row dies

Mr. Hugh Delargy, chairman of the Commons Selection Committee, died yesterday. Little more than 12 hours after his controversial speech defending the decision to give Labour a majority of one on standing committees, despite the Government's loss of an overall majority.

The increasingly bitter conflict between the Government and the Opposition over manning of the standing committees, which consider Government legislation, has now been thrown into confusion, writes Richard Evans.

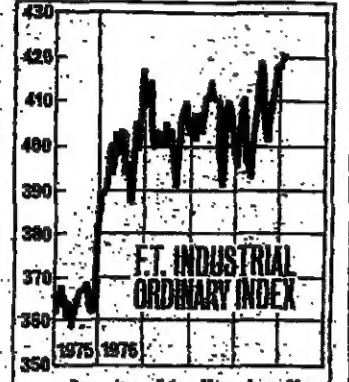
Conservative leaders have decided to withhold guerrilla tactics aimed at disrupting legislation in the hope that a compromise formula will be reached to give parity on the standing committees. They cancelled plans for a second debate last night when they had hoped to reverse the Tories' six-vote defeat on Monday.

Mr. Delargy had insisted that Labour members of the selection committee had not bent the rules or done anything dishonourable. A senior Labour backbencher, Mr. Tom Swain (Derbyshire N.E.) declared: "The Tories killed Hugh Delargy. He was politically assassinated. This is something the Tories can never be forgiven for." *Back Page*

BUSINESS

Equities at new 1976 peak of 420.8

● EQUITY leaders made a late rally on better sterling and an optimistic CBI industrial survey. The FT 30-share index



off 2 points at 1 p.m., closed 1.5 higher on the day at a new peak for the year of 420.8.

● GILTS rose 1 at the short end of the market, while longer-dated stocks eased.

● STERLING largely recovered to \$1.6275, off 10 points to \$1.6145. French franc, and Italian lira weakened. Sterling's grade-weighted depreciation was unchanged at 37.5 per cent., while the dollar's narrowed to 1.55 (1.75) per cent.

● INVESTMENT DOLLAR premium reached a peak of 1271 per cent. before closing at 125 per cent., up 31 points.

● GOLD fell \$1 to \$195.

● WALL STREET rose 31.49 to 937.70.

● WEST GERMAN Bundesbank raised bank minimum reserve requirements by the first reserve move, since the economy started to recover. *Page 7*

● SAUDI ARABIA still plans to ease oil prices until the end of the year and with a view to an increase at the OPEC conference at Bali, Indonesia, on May 27, said Oil Minister Sheikh Yamani.

23 die in Dutch train crash

The Rhine Express from the Hook of Holland crashed head-on into a commuter train at Schiedam, Holland, killing 23 people, including schoolchildren, and injuring many more. The driver, realising that disaster was inevitable on the single track, leapt to safety from the slow-moving train seconds before the impact.

Top of the League

Liverpool topped Queen's Park Rangers to win the First Division League championship when they beat Wolves, who were relegated, 3-1.

Murder charges

A number of men in custody are expected to be charged with murders and explosions, including the deaths of Ron McWhirter and Professor Fairley and the bomb at Scott's Restaurant, when they appear in court in London later this week.

Award upheld

A \$35,000 libel damages award to Lord Bernstein, 76-year-old chairman of Granada TV, was upheld by the Appeal Court, which dismissed an appeal by The Observer seeking a retrial of the action. The action arose from an article by its city editor.

Troops to quit

The Army's Spearhead battalion of 500 men drafted into South Africa in January to combat Apartheid is to be withdrawn today. *Page 12*

Briefly

● Not was killed when his angle grinder set alight in low hills near Aberystwyth.

● A family of 11 people died when a Canadian Pacific jetliner crashed during a demonstration flight south of London.

● A group of 13 foreign mercenaries, including nine British subjects, will start on June 8 action by taken into custody are because of his parents' insistence that he attend a rammer school, started at a comprehensive, Icknield High school, yesterday.

● axi drivers halted the Greater London Council annual meeting protesting against a "speed up" plan.

● R. Reginald Maundling, Shadow Foreign Secretary, is to tour southern Africa later this month. Then he will have extensive talks in Rhodesia.

Chief Price Changes Yesterday

Prices in pence unless otherwise indicated.

RICES		
Wheat 1981-82	394	+1
Wheat 1982-83	463	+1
Wheat 1983-84	215	+5
Wheat 1984-85	780	+20
Wheat 1985-86	153	+12
Wheat 1986-87	89	+5
Wheat 1987-88	105	+4
Wheat 1988-89	105	+5
Wheat 1989-90	105	+6
Wheat 1990-91	33	+3
Wheat 1991-92	242	+4
Wheat 1992-93	75	+10
Wheat 1993-94	154	+10
Wheat 1994-95	175	+15
Wheat 1995-96	111	+5
Wheat 1996-97	85	+5
Wheat 1997-98	85	+5
Wheat 1998-99	85	+5
Wheat 1999-00	85	+5
Wheat 2000-01	85	+5

Porter Chadburn	54	+12
Sigs Furniture	108	+4
Tube Invest.	375	+4
BP	683	+8
AM and S	200	+7
CR	315	+7
Geoid Invest	270	+20
Randfontein Est.	1162	+11
Stilfontein	218	+10

FALLS

● Allied Polymer

52

4

● Pisons

385

5

● Furness Withy

221

7

● Reed Executive

454

5

● Smith and Nephew

38

4

● Spear and Jackson

81

6

● Tobacco Secs. Ltd

300

7

● Tricentral

64

6

● Marteleve

145

10

● Pres. Steyn

216

10

● St. Helens

216

10

● Western Deep

1704

8

CBI survey shows economic revival well under way

BY ADRIAN HAMILTON

The revival in industrial activity in Britain is now well under way, and there are some features which may make the upturn more firmly based than in the past, according to the latest CBI quarterly Industrial Trends Survey published yesterday.

The survey comes out at a time when both Government statistics and various institutional surveys all suggest that the long-awaited economic turnaround began to take place during the first quarter of the year.

The upturn on this occasion seems to be led by export demand rather than domestic demand, and the CBI also suggests that, in the short-term at least, it seems unlikely to falter through the over-heating and supply bottlenecks, which have so bedevilled past resurgences in activity.

Instead, business appears to be looking for a much more gradual revival, with a considerable improvement in its liquidity situation.

Investment intentions are rising, and unusually for this phase of the cycle, the capital goods sectors appear to be following closely on the lead of consumer goods.

But along with the Government itself, the CBI is concerned at the possibility of overheating at a later stage in the cycle, bringing with it the seeds of its own destruction.

The sudden easing in the recent unemployment figures seems to have caught industry by surprise and, like almost everybody else, it remains unsure of the future course of the economy.

crucial savings ratio, which has so far remained fairly high.

Should incomes fail to be as tightly squeezed as the Chancellor's present pay negotiations with the unions imply, and should the Government not cut back further its own spending and borrowing, then the CBI fears the revival could be cut short next year, as companies are squeezed for cash and the diversion of resources into exports is reversed by domestic consumer demand.

For the moment, however, the results of its latest survey, based on questionnaires sent out immediately after the Budget, show that the revival in industrial activity and confidence is occurring very much according to the predictions of the last survey in January.

With few exceptions, companies report higher output and more orders over the last four months than at any time since the beginning of the recession in 1973/74.

They also record growing confidence that the increase will continue to gather pace during the next four months, albeit from a very low base.

The CBI warns that confidence remains tentative and that, in the face of widespread continuing overcapacity of plant, no dramatic upturn in manufacturing investment or employment can be expected.

It is particularly encouraged, however, that the main engines of this revival appear to be the combination of an end to destocking and an exceptionally rapid growth in export orders and deliveries.

Exports rather than domestic demand appear to be leading the consumer goods sector out of the depression, although capital goods exports are also beginning to revive.

While the survey gives no precise details on the impact of the devaluation of sterling, the initial evidence from the replies indicates that companies are using devaluation to raise the sterling value of exports and hence their own profits; and that British goods are becoming more competitive overseas.

Industry is much more cautious in its assessment of employment and investment prospects—both factors of special interest to the Chancellor at the moment.

Initial evidence suggests that trends on these fronts are "less bad" than an upturn in investment could occur soon and that rapid labour shedding is now at an end although unemployment in manufacturing industry could continue to rise fairly slowly for some months.

On the bleaker side, the majority of companies answering the questionnaire foresee no easing of cost pressures.

Pay deal details due out to-day

By Philip Rawstone and Roy Rogers

TUC LEADERS and Government Ministers were last night hammering out the final details for a further period of voluntary wage restraint to follow the £6 policy, which expires at the end of July.

The TUC general council is expected to endorse the proposals to-day and recommend their acceptance at a special TUC Congress being arranged for mid-June.

Until the Congress the policy—due to be revealed to-day—will be the subject of rival propaganda campaigns and considerable criticism at some individual union conferences.

Judging from last week's TUC general council meeting, when several left-wingers expressed reservations at the way the policy was developing, but only one came out against an agreement, there seems little doubt that the package will win the approval of the council.

When the details are disclosed later to-day, they are expected to include a percentage pay norm of about 4 per cent. together with minimum and maximum cash limits and most, if not all, of the £10n. tax concessions offered by Mr. Healey in his recent Budget.

The TUC also sought Government commitments to curb unemployment and control prices. As far as prices are concerned, Mr. James Callaghan, the Prime Minister, told the Commons yesterday that the Government would retain a "substantial measure" of price control during the next year.

Discussions would begin with the Confederation of British Industry, the Retail Consortium and the TUC as soon as agreement had been reached on the new pay restraint policy, the Prime Minister said.

The TUC had been informed in general terms of the Government's intentions, but no detailed proposals had yet been worked out.

It seems likely that the existing Price Code will be modified after July to allow more flexibility.

Though controls would be maintained on both individual prices and company profit margins, some of the more onerous effects of the code could be eased.

Mr. Callaghan angered Labour Left-wingers by stressing the importance of ensuring that the private sector was allowed to earn adequate profits so that the rate of investment could be increased.

Anticipating a speech later last night by Mrs. Margaret Thatcher, the Tory leader, the TUC continued on Back Page

Reserves fall by over \$1bn.

BY ANTHONY HARRIS

BRITAIN'S FOREIGN currency reserves dropped by \$1,067bn. in April, as a result of what was evidently the most expensive support operation yet mounted for sterling since the pound was floated in 1972, bringing the reserves to \$2,848bn.—their lowest level since 1970.

Britain will therefore draw the remaining standby of 700m. SDRs (approximately \$800m.) arranged with the IMF, and announced in January, in the near future, the Chancellor told the House of Commons yesterday.

The April reserve loss was struck after an inflow of \$429m. through public sector borrowing in foreign currency, bringing the total available for market intervention during the month to \$1,485bn.

This compares with \$1,277bn. in March, though the actual reserve drop in that month, at \$1,19bn., was slightly higher.

In the two months of sterling's heavy fall, the authorities have therefore spent more than \$2.8bn. in the markets.

has not yet applied for this standby, but IMF officials will be in London for consultations next week.

Further IMF credit, totalling in the last resort some \$4.8bn., would be available under increasingly stringent conditions; the Government would have to submit a Letter of Intent outlining a satisfactory programme aimed to eliminate the balance of payments deficit and probably, as in 1968, setting far tighter limits on the expansion of domestic credit.

However, Whitehall officials point out that there is no reason to suppose that such an application need be made in the near future. Virtually the whole of the April outflow and part of that in March is now attributed to "leads and lags"—the commercial covering operations by which traders insure against the risk of a further fall in the foreign value of sterling.

This means that most of the outflow was needed to finance the early payment of sums due in foreign currency, and longer credit granted by U.K. exporters to foreign customers, and can be expected to flow back if and when calmer conditions restore a more normal pattern of payments.

In the longer run, however, the reserves are low when measured against a current account deficit which was running at more than \$3bn. annually until recent months. Official forecasts suggest that the sharp improvement shown in recent months will be lost again when domestic demand in the U.K.—especially for industrial stocks—revives.

On the other hand, exports are so far growing substantially faster than was allowed for in the official forecast.

While the currency market has been much steadier for the last ten days, there is still no evidence of any solid demand for sterling.

Stringent

The official announcement was received with scarcely a flutter in the foreign exchange markets. Dealers had calculated the cost of official support at some \$2bn., and the official figure, which has probably been slightly reduced as a result of central bank transactions, was therefore much as expected.

The pound had fallen by more than two cents ahead of the figures—more on doubts about economic prospects than in fear of the reserve announcement—and subsequently recovered in a quiet market to close almost unchanged at \$2.2875.

The present low level of the reserves, equivalent in about six weeks' imports at recent rates, brings them back into a similar relation to trade which ruled for long stretches of the 1960s, but there is potential for further borrowing.

Apart from the \$800m. which is now to be drawn, a further standby of approximately \$350m. is available from the Fund as a result of this year's enlargement of quotas. Britain

Benn takes over North Sea oil negotiations

BY RICHARD EVANS, LOBBY EDITOR

MR. ANTHONY WEDGWOOD, Secretary for Energy, is to take over Ministerial responsibility for negotiations with the oil companies over the North Sea oil negotiations. The change takes place during the Energy Secretary's visit to the Prime Minister's office, the Prime Minister announced yesterday.

Mr. Callaghan stressed in a written Parliamentary answer that the adjustment of responsibility did not imply any change in the Government's stated policy on participation, but the increased responsibility for Mr. Wedgwood Bann inevitably caused some surprise among MPs.

Relations between Mr. Callaghan and the Energy Secretary have been strained recently because of the latter's abstention at last week's meeting of the Labour Party's National Executive Committee on resolution of the Government's economic policy. The Prime Minister gave a public warning that in future Mr. Wedgwood Bann would have to heed the doctrine of Cabinet responsibility.

The change, it was pointed out in Whitehall, shows Mr. Callaghan's every confidence in Mr. Wedgwood Bann to handle the negotiations. But the Energy Secretary's critics pointed out that the guidelines for North Sea oil participation are now well established and it would be very difficult for him to change the direction of Government policy.

In practice the Energy Secretary has usually chaired the inter-departmental committee which has considered oil participation. The change takes this role a step further.

Responsibility for oil participation was originally given to Mr. Lever and to Mr. Edmund Dell, the Paymaster-General, because Mr. Eric Varley, former Secretary for Energy, had been less than a whole series of complex policy decisions in other fields. Senior officials of the Department of Energy have always been jealous that responsibility for the negotiations went outside the department.

In his written reply, Mr. Callaghan points out that the main burden of the oil negotiations had fallen increasingly on the Energy Secretary and his officials. He had therefore decided to reflect this change in the character of the negotiations in the distribution of Ministerial responsibility.

The Energy Secretary would therefore normally become responsible for taking the lead in conducting the negotiations and would answer questions in the Commons. Mr. Lever would continue to be closely associated with him in the negotiations with the oil companies and the role formerly performed by Mr. Dell would now be fulfilled by Mr. Joel Barnett, Chief Secretary to the Treasury.

There will be no change in the responsibilities of Dr. Dickson Mabon, recently appointed Minister of State at the Department of Energy, who has a

Continued on Back Page

Loss of Eurobond sales fear

BY MARY CAMPBELL

NEW EXCHANGE control instructions sent out by the Bank of England could result in London losing a proportion of its Eurobond business to financial centres abroad, London banks stated yesterday.

The new instructions involve the possibility, the banks maintain, that London banks may be put at a disadvantage over competitors elsewhere in the selling of new Eurobond issues.

This threat comes only a week after London banks lost a positive advantage they had previously enjoyed on another aspect of their Eurobond business, underwriting.

The aim of the latest instructions, sent out on April 30, is to clarify some problems arising from the amendments to the exchange control regulations which were issued on April 22. More specifically they reinstated the rule whereby banks were required to surrender the dollar premium on commissions they earned from selling new Eurobond issues.

However, the London banks say that the new instructions are phrased differently and contain a positive definition which did not previously exist. The change would mean that banks based in London would have less profit from selling new Eurobond issues than banks elsewhere.

The result of this, they say, is that banks will in future channel this aspect of their business through subsidiaries elsewhere in the world.

Sales of new Eurobond issues are conducted through selling groups consisting of commercial and investment banks and stockbrokers. Members of selling groups earn a net profit of 1 per cent on the value of the bonds they sell. It is this profit which would be lost to London if the business was channelled elsewhere.

The Bank of England says the new instructions involve no change, though it has indicated its willingness to discuss any difficulties experienced by individual banks.

In general, the premium currency regulations have made London more attractive for Eurobond market activities than other financial centres. In the past underwriting commissions have been worth more to London banks than to banks elsewhere because they were treated as investment currency. This made them worth considerably more than their face value in that they attracted the dollar premium. Banks recognise however, that the abolition of this advantage as part of the April 22 changes merely puts them on a par with banks elsewhere as far as underwriting is concerned.

The new instructions were contained in a letter issued by the Bank's Exchange Control Department to clarify the section on underwriting in Supplement 22 to the EC directive which was issued on April 22.

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Where no one's a stranger

A fair wind for writers

by CHRIS DUNKLEY

The paramount position of the writer in British television is an extraordinary phenomenon. As it was when the medium was in its infancy, it has remained so ever since. In most countries, the writer is a minor figure, a man of letters who writes the words for the actors to speak. In Britain, the writer is a major figure, a man of letters who writes the words for the actors to speak.

In Britain by contrast the writer quality comedy series such as *Dad's Army* or *Fawlty Towers* are limited to the number of episodes that their creators happen to feel inspired to write, which can mean that they run as few as a dozen programmes.

It is not just in this area of creation for the medium itself that the writer is so clearly seen in British television. In the United States, the writer is a minor figure, a man of letters who writes the words for the actors to speak. In Britain, the writer is a major figure, a man of letters who writes the words for the actors to speak.

whose own birth date gave rise to the idea for the series. It was a calm, fairly quiet programme which neatly combined a well edited interview with a good impression of the surrounding world in which Hughes worked, an achievement which is worthy of praise than it sounds because Hughes, though a brilliant raconteur, was not the easiest man to interview, and his



Jack Warner

Jack Warner, who has been a central figure in the television industry for many years, is shown in a portrait. He is a man with dark hair, wearing a suit and tie, looking directly at the camera.

tribute, but for those who have been in unfilled professions such as a programme is extremely difficult. Not impossible, however, as was shown by Flora Thompson. Lived Here, earlier on the same evening on the same channel. This was the last in a short series of programmes about writers, including Disraeli and Dylan Thomas, which have approached their subjects by way of their homes or general surroundings. Flora Thompson was the author of *Lane*, *Rise to Candleford*, and *Sir Hugh*. Casson who presented the programme spoke, much of the time, over beautiful pictures of the Oxfordshire countryside which Flora Thompson knew and which (unlike the interior of her own house) she had never seen. It must have changed little since her time.

Writers, of course, are unarguably the sole creators of their books whereas television directors and producers are reliant upon the abilities and even the inspiration of whole teams of assistants and technicians. The idea of all works having one easily identifiable "auteur" is even more difficult to apply in television than in the cinema. There are nevertheless some producers, directors and even a few reporters whose central responsibility for the consistent superiority of the programmes with which they are involved is recognised by their colleagues.

One wonders how old television will have to grow before it starts to treat its own greater exponents with as much respect as it has always afforded to great writers. It is true that Thames's *This is Your Life* takes a television "personality" as its subject (or perhaps the word should be victim) from time to time, and by ratings standards *TV* is a phenomenally successful series. In the last 16 weeks it has taken

first place in AGB's JICTAR ratings nine times. The other seven times it has come second. Almost invariably, however, these television subjects are actors or actresses and, in any case, the interest of the series seems to be more in the region of tears than of serious biography—the implications of the title notwithstanding. Leaving *TV* aside, the only biographies of television's own people which come to mind are two by Peter Foges, of *Ed* Murray and Richard Dimbleby and one by Jonathan Dimbleby also of Richard Dimbleby. Of course these three were all made after the deaths of their subjects, but can recall only one biography of a living subject and, as it happens, I presented that myself: it was made by ATV and, irony of ironies, it was called *Tribute to A Writer*. It marked the completion of 25 years in television by Lord Willis—known professionally as Ted Willis—and the presentation to him of a special award by the Writers Guild of Great Britain.

Ted Willis's name has appeared in the Guinness Book of Records as that of the most prolific television writer in the world but (miracles aside) the series he will be remembered for most is *Dixon of Dock Green*. Willis created *Dixon* 26 years ago for a film called *The Blue Lamp*. The character was played by Jack Warner and he was killed by a car called *Tom Riley*, played by Dirk Bogarde.

In 1955 *Pc Dixon* rose from the dead and started a career on BBC which continued for 21 years, lasting until Saturday night when the character passed away with a 424 stories and with a bang, not with a whimper, but without even a whisper. For reasons best known to themselves the people at the BBC, those arch friends of anniversary-marking and past masters of birthday celebrations, allowed their best-loved copper to their longest-running television drama series of all time to shimmer away into the ether without so

much as a one-line announcement in *Radio Times*.

It has been suggested that it was *Dixon of Dock Green* which really did the trick for all our modern police series and not *Z Cars*, the argument being that *Dixon* was the first to show policemen as human beings with wives and children, money problems and bad habits. There is some truth in this, but *Z Cars* still deserves credit for making the big break.

Yet Willis and Warner did achieve something with *Dixon* that Elwyn Jones and Stratford Johns could never have managed with Barlow: they made a character to which people turned not simply to be taken out of themselves with stories, but for reassurance in their own all-too-real lives. It may be argued that this is dangerously like a child turning for comfort to an imaginary fairy godmother, and certainly I have experienced the magic myself. Yet if people did get real comfort from the Warner/Dixon character—and there seems no doubt about it—no one can detract now from the reality of that comfort. There was a lot of Ted Willis in *Dixon*: he was "nice" and he liked "ordinary" people.

I wonder whether a television credit roll be put in *TV* magazine 100 years' time making a programme called *Ted Willis Lived Here*. It is conceivable, but then Willis is after all a writer. Perhaps someone could make a note now for future reference of the addresses of Vere Lorrimer, who directed the last *Dixon*, and Joe Waters who produced it.

Congratulations are in order to either the ITV time salesman or to the person who buys time for Benson and Hedges, whichever of them it was that had the bright idea of inserting that cigar commercial featuring the man waiting in the snow for the Orient Express, right in the middle of the *From Russia With Love*. It was as though the whole of Sunday's Bond film was a build-up to a cigar ad.



Julia McKenzie, David Kerran and Millicent Martin in 'Side by Side by Sondheim,' which opened at the Mermaid last night

New York theatre

Redgraves

by GEORGE OPPENHEIMER

The first of them is Vanessa Redgrave who is the only good reason for seeing *Isaac's*. The *Lady from the Sea*, one more revival in this season of déjà vu. I first saw Isaac's mystic mishap when Eleanor Duse played it on her farewell tour, which was indeed that since she died not so long after. It seemed to me then, when I was a wisp of a lad, a pretty dull affair, made no livelier by the fact that it was done in Italian (without subtitles). I also did not join the bosomphs directed at Duse, Tony Richardson's fault since his direction seems anal-paced who was playing the childlike Elvira at the advanced age of sixty-four or five.

Now the Circle in the Square, which specialises in revivals, has brought Miss Redgrave over here to join her sister, Lynn, who is being hailed for her performance in Mrs. Warren's Pro-

cession at a nearby playhouse) for her New York stage debut. One of the best evenings in the current theatre.

There's little else to occupy your time, Elie Wiesel, the novelist, has written a play entitled *Zalmen* or the *Madness of God*, that only lasted a brief time. It had a certain interest in its appeal for Jewish militancy against those who oppress the Jews. A rabbi, well played by Joseph Wiseman, is induced to preach a sermon advocating greater indignation and protest against the Russians who are mistreating his people. The sermon is heard by a commissar and, worse still, by strangers who are passing through the town. There is a trial scene that has a modicum of drama, but, on the whole, *Zalmen* was a fairly static affair.

The *Medal of Honor* Reg by Tom Cole, based on an actual incident, is more of a psychiatric case history than a drama. There are only three people in its cast—a black who has won the medal of honor in Vietnam and then some more or less berserk, a doctor who is attempting to treat him and a Military Policeman who has little to do.

After a slow start, the confrontation between the black soldier and the white doctor who is trying to help him takes on you are looking at them through something of the interest of a trial. Little by little the psychiatric trivies to make his patient of that durable musical, *My Fair Lady* talk and to gather information on his life prior to and after the Henry Higgins consummately winning of the medal. There is well in truth, I preferred him to a short scene at the end in which Rex Harrison, good as he was, left the hospital, tried to hold up humanely and sympathetically a grocery store and was shot. So and as a result, more com-

much for gallantry. The hero and the analyst are extremely well played by Howard E. Rollins Jr. and David Crennon respectively, under the taut direction of David Chambers.

This new version of *Shogun* (a Christine Andrews relative company known as Shaliko, look the other way. It is currently producing George Büchner's play in a manner that for her transformation from a boggles the mind, deafens the ear and offends the eye. Otherwise it is dreadful.

Costumes, sets, dances and stag-

Coliseum

The Prodigal Son

by CLEMENT CRISP

Two of the best works created for Festival Ballet in recent years were on view in Monday's programme: Ronald Hynd's *Drorak Variations* and Barry Moreland's *Prodigal Son*. Mr. Hynd's well-made piece, which he subtitled *Dances of a* *Jaconic Gathering*, for its plotless neo-classic inventions have a hint of folk-weave about them which reflect the music's own character.

The choreographer has had to juggle the short-breathed nature of the musical form—its variations are often of very brief span—and by careful employment of his forces. Hynd has imposed a larger structure upon the score. Particularly happy in the way the ballet gains its momentum, and from the two touched quintets, one for the ten followed by one for the triad, which come half-way through the ballet, the dances give a fine impetus. Gaye Fulton, as Patricia Ruane, gives a good couple; their styles are rather in texture, quicker in vent, than those of Samsonov and Prokavsky who created the roles, but the ballet suffers not at all thereby—it remains an excellent showcase, and one which Festival Ballet's newers give of their best.

About *Prodigal Son*, little more to be said, save to reiterate praise for Paul Clarke, Patricia Ruane and Kenn Wells as its principals. All three are intensely musical dancers, and their characterisations are now of exceptional merit. Paul Clarke is remarkable in elegance, and in the sensitivity with which he gives the Prodigal a positive and charming personality. The indomitable good humor and tireless rhythmic alertness of his dancing are a constant pleasure. And at two moments in the ballet he suggests qualities that transcend the actual nature of the role. The first is in his comic resource as the sunny war-time recruit, where his playing is truly witty, a rare thing in ballet. The second is in a passage when he escapes the Depression to become a gigolo, and sexual arrogance speedsily fades into disillusion: both display dance acting of a very high order. Patricia Ruane gives the uncanny impression of Jean Harlow dancing the Siren in *Salome*, a gleaming, icy voluptuousness in her performance—and Kenn Wells has never been more convincing as a serpent-like, or more insidiously cruel as the Prodigal's Evil Genius.



One of the forty dancers in the revue extravaganza 'Brasil Tropical,' which opened last night at Sadler's Wells Theatre

St. John's, Smith Square

Ashkenazy

by DOMINIC GILL

Sublime Mozart evening with Ashkenazy and the Orchestra of St. John's on Monday—full to overflowing with every quality (a recent and obvious comparison only) which last week's Australian Sinfonia concert so conspicuously lacked: freshness and gaiety, exuberant spontaneity, powerful attention to the minutest detail of attack and phrasing, powerful sense of shape and direction. It was an evening to warm the most tired heart—the happiest, most satisfying orchestral concert London can have heard for many months.

Ashkenazy began as conductor, launching the young St. John's Orchestra at a cracking pace into the *Haffner* symphony—a tempo which came once or twice unnervingly close to tumbling over itself, but was ever the more exciting for it, driven up and away with marvellous confidence and energy. He drew remarkably close and precise playing from his band—from the violins in the *Andante*, a lovely waltz line, beautifully turned; and drew us all into the rejoicing of the finale, again turned very fast, without a trace of hesitation or

Young Vic

Ten Lost Years

by B. A. YOUNG

Toronto Workshop Productions, who are playing at the Young Vic until the end of the month, are a community-style company of ten players who act and sing and perform on a variety of musical instruments. *Ten Lost Years*, which has been adapted by Cedric Smith and Jack Winter from a book by Barry Broadfoot, they wear no costumes other than some garb—caps for the men to establish the time as the twenties and thirties and use no scenery but some wooden platforms.

They are a well-disciplined company, though this show does not call on them for anything great in the way of either acting or singing. It consists of a string of reminiscences of the bad years before the second world war, when there was much poverty in Canada and little work and a good deal of resentment against the governments of R. B. Bennett and Mackenzie King. The mood is almost entirely one of self-pity with little evidence of admiration for anyone except the men who went to Spain and fought against Franco.

Rostropovich cancels concert

Mstislav Rostropovich has had to cancel his concert with the BBC Symphony Orchestra at the Festival Hall to-night because of influenza. He is expected to well enough to play at Yehudi Menuhin's 50th birthday concert at the Albert Hall on Sunday.

Wagner treasures for London

Theatrical treasures from Bayreuth, never before seen outside Germany, will go on exhibition at the Royal Festival Hall later this month to mark the centenary of the Opera House that Wagner built and the festival he founded. The exhibition, called *Bayreuth 1876-1876*, brings together 400 exhibits from 100 years of Wagner productions, including original costumes, three-dimensional stage models, props, letters and photographs.

Wolfgang Wagner, the composer's grandson and present director of Bayreuth, will be over for the opening on May 21, which he will perform with the German Ambassador in London.

The exhibition is being partly sponsored by the BBC and a German bank and will be on view to Festival Hall concert-goers until June 5.

Fifties musical for the New London

Leave Him to Heaven, a rock musical compiled from hits of the 'Fifties and early 'Sixties, will come to the New London Theatre on June 2. It is a product of the New London Theatre as a Sandbag, with book written and arranged by Ken Lee, direction by Philip Redley and a record box-office score at the Watford Palace Theatre.

Lincoln buys its theatre

In a bid to keep live theatre in the city, Lincoln City Council is acquiring the Theatre Royal in Clakelgate. The sum to be paid was not revealed but is thought to be of the order of £27,500. The theatre has been closed because the association which ran it went into liquidation at the beginning of this year.

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Cordial support for jazz

Corona, the soft-drinks company, is one of the joint sponsors of this year's Welsh Jazz Festival being held in Cardiff until May 15. The Welsh Brewers are the other sponsors. The first Welsh Jazz Festival held last year was so successful that the organisers have extended this year's festival to two weeks. Throughout the fortnight there will be club sessions, concerts and films featuring some of the best-known names in New Orleans, Swing and Modern jazz. Among the musicians appearing are the Greater Swing Band in the World featuring members of the old Ted Heath Orchestra and including vocalist, Denis Lotis and Lita Roza; the highly-acclaimed Kathy Stobart quintet with Harry Beckett; George Melly with the John Chilton Feetwarmers; Henry Lowther; and the Gordon Beck Trio. And guests who will be featured with well-known Cardiff bands include Eric Gilchrist with the Chris Hodgkins band, Sammy Rimington with the Mike Harries Jazz band, and Cuff Billiet with the Jean Jazz band. Further details and information from Chris Hodgkins, 10, Sherborne Avenue, Cyncoed, Cardiff (Tel. 293431).

NOTICE OF REDEMPTION

To the Holders of
FEDERATED DEPARTMENT STORES INTERNATIONAL COMPANY
4½% Guaranteed Sinking Fund Debentures
Due December 15, 1985

(Convertible into Common Stock of Federated Department Stores, Inc.)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of December 15, 1965 under which the above described Debentures were issued, Morgan Guaranty Trust Company of New York, as Trustee, has selected for redemption on June 15, 1976, through operation of the Sinking Fund, at 100% of the principal amount thereof, together with accrued interest to said date, \$514,000 principal amount of the above-described Debentures. The serial numbers of said Debentures so selected are as follows:

COUPON DEBENTURES OF \$1,000															
1000	985	9411	9981	6506	7088	8487	9416	10228	11061	11889	12635	14648	15676	16070	16910
1001	986	9412	9982	6507	7089	8488	9417	10229	11062	11890	12636	14649	15677	16071	16911
1002	987	9413	9983	6508	7090	8489	9418	10230	11063	11891	12637	14650	15678	16072	16912
1003	988	9414	9984	6509	7091	8490	9419	10231	11064	11892	12638	14651	15679	16073	16913
1004	989	9415	9985	6510	7092	8491	9420	10232	11065	11893	12639	14652	15680	16074	16914
1005	990	9416	9986	6511	7093	8492	9421	10233	11066	11894	12640	14653	15681	16075	16915
1006	991	9417	9987	6512	7094	8493	9422	10234	11067	11895	12641	14654	15682	16076	16916
1007	992	9418	9988	6513	7095	8494	9423	10235	11068	11896	12642	14655	15683	16077	16917
1008	993	9419	9989	6514	7096	8495	9424	10236	11069	11897	12643	14656	15684	16078	16918
1009	994	9420	9990	6515	7097	8496	9425	10237	11070	11898	12644	14657	15685	16079	16919
1010	995	9421	9991	6516	7098	8497	9426	10238	11071	11899	12645	14658	15686	16080	16920
1011	996	9422	9992	6517	7099	8498	9427	10239	11072	11900	12646	14659	15687	16081	16921
1012	997	9423	9993	6518	7100	8499	9428	10240	11073	11901	12647	14660	15688	16082	16922
1013	998	9424	9994	6519	7101	8500	9429	10241	11074	11902	12648	14661	15689	16083	16923
1014	999	9425	9995	6520	7102	8501	9430	10242	11075	11903	12649	14662	15690	16084	16924
1015	1000	9426	9996	6521	7103	8502	9431	10243	11076	11904	12650	14663	15691	16085	16925
1016	1001	9427	9997	6522	7104	8503	9432	10244	11077	11905	12651	14664	15692	16086	16926
1017	1002	9428	9998	6523	7105	8504	9433	10245	11078	11906	12652	14665	15693	16087	16927
1018	1003	9429	9999	6524	7106	8505	9434	10246	11079	11907	12653	14666	15694	16088	16928
1019	1004	9430	10000	6525	7107	8506	9435	10247	11080	11908	12654	14667	15695	16089	16929
1020	1005	9431	10001	6526	7108	8507	9436	10248	11081	11909	12655	14668	15696	16090	16930
1021	1006	9432	10002	6527	7109	8508	9437	10249	11082	11910	12656	14669	15697	16091	16931
1022	1007	9433	10003	6528	7110	8509	9438	10250	11083	11911	12657	14670	15698	16092	16932
1023	1008	9434	10004	6529	7111	8510	9439	10251	11084	11912	12658	14671	15699	16093	16933
1024	1009	9435	10005	6530	7112	8511	9440	10252	11085	11913	12659	14672	15700	16094	16934
1025	1010	9436	10006	6531	7113	8512	9441	10253	11086	11914	12660	14673	15701	16095	16935
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1027	1012	9438	10008	6533	7115	8514	9443	10255	11088	11916	12662	14675	15703	16097	16937
1028	1013	9439	10009	6534	7116	8515	9444	10256	11089	11917	12663	14676	15704	16098	16938
1029	1014	9440	10010	6535	7117	8516	9445	10257	11090	11918	12664	14677	15705	16099	16939
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1031	1016	9442	10012	6537	7119	8518	9447	10259	11092	11920	12666	14679	15707	16101	16941
1032	1017	9443	10013	6538	7120	8519	9448	10260	11093	11921	12667	14680	15708	16102	16942
1033	1018	9444	10014	6539	7121	8520	9449	10261	11094	11922	12668	14681	15709	16103	16943
1034	1019	9445	10015	6540	7122	8521	9450	10262	11095	11923	12669	14682	15710	16104	16944
1035	1020	9446	10016	6541	7123	8522	9451	10263	11096	11924	12670	14683	15711	16105	16945
1036	1021	9447	10017	6542	7124	8523	9452	10264	11097	11925	12671	14684	15712	16106	16946
1037	1022	9448	10018	6543	7125	8524	9453	10265	11098	11926	12672	14685	15713	16107	16947
1038	1023	9449	10019	6544	7126	8525	9454	10266	11099	11927	12673	14686	15714	16108	16948
1039	1024	9450	10020	6545	7127	8526	9455	10267	11100	11928	12674	14687	15715	16109	16949
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1043	1028	9454	10024	6549	7131	8530	9459	10271	11104	11932	12678	14691	15719	16113	16953
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1045	1030	9456	10026	6551	7133	8532	9461	10273	11106	11934	12680	14693	15721	16115	16955
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1049	1034	9460	10030	6555	7137	8536	9465	10277	11110	11938	12684	14697	15725	16119	16959
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1051	1036	9462	10032	6557	7139	8538	9467	10279	11112	11940	12686	14699	15727	16121	16961
1052	1037	9463	10033	6558	7140	8539	9468	10280	11113	11941	12687	14700	15728	16122	16962
1053	1038	9464	10034	6559	7141	8540	9469	10281	11114	11942	12688	14701	15729	16123	16963
1054	1039	9465	10035	6560	7142	8541	9470	10282	11115	11943	12689	14702	15730	16124	16964
1055	1040	9466	10036	6561	7143	8542	9471	10283	11116	11944	12690	14703	15731	16125	16965
1056	1041	9467	10037	6562	7144	8543	9472	10284	11117	11945	12691	14704	15732	16126	16966
1057	1042	9468	10038	6563	7145	8544	9473	10285	11118	11946	12692	14705	15733	16127	16967
1058	1043	9469	10039	6564	7146	8545	9474	10286	11119	11947	12693	14706	15734	16128	16968
1059	1044	9470	10040	6565	7147	8546	9475	10287	11120	11948	12694	14707	15735	16129	16969
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1063	1048	9474	10044	6569	7151	8550	9479	10291	11124	11952	12698	14711	15739	16133	16973
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1066	1051	9477	10047	6572	7154	8553	9482	10294	11127	11955	12701	14714	15742	16136	16976
1067	1052	9478	10048	6573	7155	8554	9483	10295	11128	11956	12702	14715	15743	16137	16977
1068	1053	9479	10049	6574	7156	8555	9484	10296	11129	11957	12703	14716	15744	16138	16978
1069	1054	9480	10050	6575	7157	8556	9485	10297	11130	11958	12704	14717	15745	16139	16979
1070	1055	9481	10051	6576	7158	8557	9486	10298	11131	11959	12705	14718	15746	16140	16980
1071	1056	9482	10052	6577	7159	8558	9487	10299	11132	11960	12706	14719	15747	16141	16981
1072	1057	9483	10053	6578	7160	8559	9488	10300	11133	11961	12707	14720	15748	16142	16982
1073	1058	9484	10054	6579	7161	8560	9489	10301	11134	11962	12708	14721	15749	16143	16983
1074	1059	9485	10055	6580	7162	8561	9490	10302	11135	11963	12709	14722	15750	16144	16984
1075	1060	9486	10056	6581	7163	8562	9491	10303	11136	11964	12710	14723	15751	16145	16985
1076	1061	9487	10057	6582	7164	8563	9492	10304	11137	11965	12711	14724	15752	16146	16986
1077	1062	9488	10058	6583	7165	8564	9493	10305	11138	11966	12712	14725	15753	16147	16987
1078	1063	9489	10059	6584	7166	8565	9494	10306	11139	11967	12713	14726	15754	16148</	

Hoechst



NOTICE IS HEREBY GIVEN THAT

The Annual General Meeting
will be held at 10 a.m.,
on Tuesday, 15th June, 1976,

at our Jahrhunderthalle in Frankfurt (M)-Hoechst, Pfaffenwiese.

Agenda

1. Presentation of the Annual Report and Accounts of Hoechst Aktiengesellschaft, with the Report of the Supervisory Board, and the Consolidated Report and Accounts for 1975.
2. Allocation of the profit available for dividend.
It is proposed to pay a dividend of DM 7.— per share of DM 50 nominal for the financial year 1975.
3. Ratification of the actions of the Board of Management for 1975.
4. Ratification of the actions of the Supervisory Board for 1975.
5. Election to the Supervisory Board.
6. Election of auditors for the financial year 1976.

The full agenda, including the proposed resolutions, is contained in the Bundesanzeiger no. 84 of 5th May, 1976.

Shareholders wishing to be present and to vote at the Meeting must comply with Article 14 of the Articles of Association and deposit their share certificates during usual business hours by Thursday, 10th June, 1976 at the latest, until after the Meeting, at one of the depositories listed in the Bundesanzeiger no. 84 of 5th May, 1976 or, in the United Kingdom, at the offices of

S. G. Warburg & Co. Ltd.
30, Gresham Street
London EC2P 2EB

Frankfurt (Main), May 1976

Hoechst Aktiengesellschaft

HONG KONG

A FINANCIAL TIMES SURVEY

The Financial Times proposes to publish on 17th May a major survey on Hong Kong which will examine the economic growth of this particular area and the exciting prospects for future development. The proposed editorial content will include the following:

1. Introduction. Hong Kong suffered badly from the recession after the rise in oil prices, but now seems to be picking up quickly. Is the Colony's dependence on textiles turning out to be an asset in current world trade conditions? The changes in the period since the oil crisis. Hong Kong's role in the changes in China after Chou En-lai's death had any impact on the Colony?
2. Economy, Trade and Balance of Payments. Trade is the life blood of Hong Kong; the impact of the oil crisis; special role of China and Japan in supplying vital imports; Hong Kong's competitiveness and constant adaptability; the Colony's search for new markets and upgrading of its products.
- Trading partners:
 - (a) The EEC and Hong Kong—disagreements over textiles with the world's largest trading block; convergence of this uneven pattern of trade with EEC partners.
 - (b) China and Hong Kong—China as a major supplier of the Colony's food; Hong Kong as a base for Chinese exports and trade.
 - (c) Japan and Hong Kong—Japan supplies the Colony's industrial raw materials; Japanese investment and involvement in Hong Kong.
3. The Internal Economy. The Colony is likely to balance its budget next year after two years of deficit; how it is able to do this given its low tax levels. Arguments about the use of reserves.
4. Hong Kong's Foreign Relations. The impossibility, for a Colony, of conducting normal direct relations with other Asian states. Advantages or disadvantages for Hong Kong now having its commercial interests looked after by the U.K. Different strands in the Hong Kong-Singapore relationship, including rivalry and some willingness to learn from each other's experiences. Hong Kong's involvement in regional organisations.
5. Administration. How Hong Kong is run by a tiny corps of British career officials and a large Chinese civil service. Does the Colony deserve its reputation as the home of laissez-faire economic policies? Has corruption damaged the Government's effectiveness outside the police force? Influence of recruiting British officials for Hong Kong now that the U.K. has ceased to have a large colonial service. Role of the Governor. Areas from which a new Governor might be chosen.
6. Hong Kong, China and the U.K. The unique three-sided relationship; have the leadership changes in China made any difference? The argument over giving the Hong Kong Chinese a say in running the Colony, and the system devised by Macao; the role of the U.K. and resentment against the U.K. as evidenced by the debate on the vote of Hong Kong's defence.
7. Banking. Simultaneous diversification and concentration of the Hong Kong banking system. Large number of banks operating in the Colony, but overwhelmingly strong position of the industry's traditional leaders. What Hong Kong offers to the foreign banker. Influx of Chinese, Japanese and U.S. Banks.

INDUSTRY SECTION

8. Textiles. Still the mainstay of Hong Kong's economy despite diversification. Trading up in price and quality. Limited. This Financial Times Survey is your chance to communicate and be associated with one of the world's fastest developing and buoyant economies. So if your Company has an interest in Hong Kong, or wishes to become involved in this vital world centre, then an advertisement in this Financial Times Survey should be given serious consideration. It will enable your message to be seen... and acted upon... by other Companies and their senior executives who should be told about your Company's skills, achievements and special trading abilities.

All the information you require about content and advertisement data may be obtained by telephoning Clive Radford on 248 8000 Ext. 372.

HONG KONG

An FT Survey, scheduled for publication on
17th May 1976.

The contents and publication date of this survey are subject to complete editorial discretion and may be changed without notice.

WORLD TRADE NEWS

Commission wants to abolish cost escalation Nairobi meeting seen as North-South test case

By David Curry

BRUSSELS, May 4. THE BRUSSELS Commission is preparing once again to knock its head against the brick wall of the cost escalation cover for export finance practised by Britain and France. It has called for the elimination of cost escalation schemes by the end of 1978. The attempt to get rid of the schemes is likely to prove a largely futile exercise since the French have absolutely no intention of phasing out their scheme and the British are unlikely to budge without the French.

In fact the Italians also have cost escalation provisions, but they are barely applied at the moment and it is understood that Rome is willing to get by without them.

The Commission is proposing a series of steps away from cost escalation beginning on July 1 this year when an exporter would be indemnified only for annual cost increases between 10 and 20 per cent. After six months the range would be 12 to 20 per cent, and from July 1 1977 from 15 to 20 per cent.

Under the present British scheme the exporter bears the first 10 per cent of price increases and the Export Credits Guarantee Department (ECGD) can cover 75 per cent of the cost increases within a 15 per cent band above that in a cash contract. In a credit contract the department covers some 70 per cent, the use of a 10 per cent band of the cost increases within a 15 per cent band above that in a cash contract.

The Americans, who have been conducting a long-running campaign against cost escalation, last week reopened their complaints at the GATT Council and suggested the setting up of a working party to look into the whole problem. No formal reply has been given but Paris is likely to be frosty to the idea.

Meanwhile the "gentleman's agreement" which in late January 1975 saw the termination of the terms were finalised, but no formal signatures have been appended because of the constitutional problem of competence. The Commission, which claims competence on export finance, is willing to go along with the agreement for one year if it gets the go-ahead to conduct negotiations during this period for a new agreement. The French refuse absolutely to make any concession which will hamper their ability to make their own arrangements for export finance, and it is reckoned in Brussels that Paris only went along with the "gentleman's agreement" because it excluded cost escalation which in present circumstances is one of the most important elements in export finance.

AP gearbox contract will double output

Beginning in July, Automotive Products (AP) is to start shipping 350 four-speed automatic gearboxes a week to Italy for the Fiat 127, which is spearheading Fiat's drive into the U.S. market, our Midlands correspondent reports. This new business will double output, which has been confined so far to British Leyland, which uses the units in the Minis, Allegros and Maxis. Shipments to Italy are expected to move considerably higher later in the year.

The new Lambda Gamma, 5-door saloon, which will be replacing Fiat's 120 prestige saloon, will also be fitted with AP gearbox units. New French contracts are also expected to be announced soon.

New French contracts are also expected to be announced soon.

ECGD backs £50m. loan for Brazil

Coinciding with the arrival in Brazil of General Ernesto Geisel, the Brazilian president, the Export Credits Guarantee Department (ECGD) announced that it is backing a £50m. loan to help finance construction of the U.K. for the third phase of the Brazilian steel expansion programme. The loan has been made to Siderurgica Nacional, a company, by Baring Bros, acting on behalf of a consortium of London clearing and Scottish banks.

The Brazilian companies undertaking the expansion are Companhia Siderurgica Nacional (CSN), Compañia Siderurgica Paulista (COSIPA) and Siderurgica de Minas Gerais S.A. (USIMINAS). To qualify under the terms of the loan a contract must have a minimum U.K. value of £100,000 and be placed by May 1978.

U.S. approval for Baron radar system

Baron Instruments of the Rank Organisation has obtained U.S. Federal Communications Commission approval for the Baron radar. The X10 is claimed to be among the most advanced small radar available anywhere in the world. It is said to be light, compact, easy to install and priced at around £700. It will retail in the U.S. at about \$1,975.

An initial contract for 200 units has been signed with a follow-up of a further 300. These two contracts represent £350,000 worth of U.S. business.

The Financial Times published this report and analysis on May 4, 1976. The report is available for sale at 50p. The report is also available for sale at 50p.

BY REGINALD DALE

MR. GAMANI CORREA, Secretary-General of the UN Conference on Trade and Development, struck an optimistic note as over 2,000 delegates assembled here today for Unctad IV, the fourth of the vast Ministerial gatherings held every four years to give overall political direction to relations between the world's rich and poor countries.

Mr. Correa said the opportunity was there for the 183-nation conference to "maintain and strengthen the climate of goodwill that had existed between industrialised and developing countries over the past 18 months. The Unctad Secretariat was looking forward to a "positive and constructive" meeting, he told a Press conference.

The Secretary-General warned that failure of the talks, due to last until May 25, would lead to "frustration and disillusionment." The meeting is widely seen as a major test case for the "consensus" politics of recent

months, with grave danger of a new confrontation between North and South if the outcome is unsatisfactory to the developing countries.

Dr. Henry Kissinger, the U.S. Secretary of State, who is due to address the conference on

Thursday, today said he would present proposals that would go as far as possible to meet the concerns of the developing countries. He is widely expected to put forward plans for a new international resources bank which would raise up to \$10bn. for financing the exploitation of commodities such as non-ferrous metals and iron ore.

Meanwhile, there were already signs that familiar political problems might resurface as delegates met to prepare for

to-morrow's formal opening session. The Arab countries were reported to be considering a challenge to Israel's presence at the talks, and there were rumblings of discontent over South Africa's right to attend—although it seemed unlikely to-night that South Africa would try to send a delegation.

The East bloc has also been objecting to plans for a delegate from Chile to take part in the opening ceremonies. Chile, as the outgoing President of the Conference, would normally be expected to make a short speech. Many developing countries, however, would prefer not to risk holding up negotiations on concrete aid and development issues, the main purpose of the conference, by using it as an arena for political propaganda. The four priority themes for the talks are commodities, the transfer of resources (including debt re-scheduling), technology transfers and the reform of Unctad itself.

UNCTAD '76

EEC divided on Third World

BY GUY DE JONQUIERES

THE COMMON MARKET countries will enter Unctad IV sharply divided over how to respond to the main economic demands being pressed by the developing world.

This became clear today after Foreign Ministers of the Nine were unable to agree on a mandate to be given to the President of the Ministerial Council, M. Gaston Thorn, in preparing his opening statement on the first day of the conference in Nairobi to-morrow.

Discussions over the past two days have underscored wide divergences over how far the EEC countries should go towards meeting the demands of the Third World, with the Dutch

advocating an open handed approach and the eight other Governments— notably the British and the West Germans—favouring a more restrained response.

As a result, M. Thorn will fly to Nairobi without any clear instruction and such proposals as he outlines in his speech will impose no binding commitment on the Governments of the Nine in the subsequent negotiations.

The Dutch Foreign Minister, Mr. Max van der Stoep, argued strongly today that unless the EEC Governments took an accommodating stance at the Unctad talks there was a danger that these would degenerate into

open confrontation between the industrialised and the developing world. He made clear that his Government intends to press his views in Nairobi, regardless of the position of the other eight EEC countries.

On the key question of proposals to stabilise commodity prices, the Community has been notably unable to paper over the cracks between its members. The West Germans have insisted that any commodities considered for financing arrangements should be treated on a case by case basis, while the Dutch have been pressing the other EEC Governments to prepare a list of those commodities eligible for such financing.

Japan and U.S. near agreement on special steel cutbacks

BY PETER DUMINY

JAPAN WILL submit to an orderly marketing agreement (OMA) on special steel exports to the U.S. it seems clear at the end of the second round of talks, while the original proposal of the U.S. International Trade Commission (for unilateral quotas on imports) were considered discriminatory, the same objection did not apply to the suggested orderly marketing agreements.

However, he explained, this Japanese reluctance to be convinced that provisions of GATT designed to compensate countries adversely affected by unilateral trade restrictions, could be invoked to legitimise bilaterally agreed restrictions—this was the essence of President Ford's offer behind which lurked the ultimatum that the ITC would have its way if no orderly marketing agreement be negotiated.

It now appears that the Americans have been successfully persuasive, no doubt

The trend of Japanese thinking was revealed by the official MITI spokesman before the latest talks began last Friday. He said that while the original proposal of the U.S. International Trade Commission (for unilateral quotas on imports) were considered discriminatory, the same objection did not apply to the suggested orderly marketing agreements.

However, he explained, this Japanese reluctance to be convinced that provisions of GATT designed to compensate countries adversely affected by unilateral trade restrictions, could be invoked to legitimise bilaterally agreed restrictions—this was the essence of President Ford's offer behind which lurked the ultimatum that the ITC would have its way if no orderly marketing agreement be negotiated.

It now appears that the Americans have been successfully persuasive, no doubt

helped by Mr. Ford's proffered inducements. These were that the period of restrictions could be reduced from five to three years and that restraints could fall away if business conditions improved.

"Japan attaches much significance to these offers," the MITI spokesman said.

LIQUID AIR CORPORATION

Liquid Air Corporation of North America announced today that net earnings for the first quarter of 1976 were \$6,067,000 or \$0.65 per share compared to \$4,047,000 or \$0.54 per share in the same period of 1975, representing increases of 50% and 20% respectively.

Sales in the first quarter of 1976 were \$63,625,000, an 8% increase over sales of \$58,903,000 in the same 1975 period. Earnings before taxes for the first quarter of 1976 were \$9,080,000, an increase of 18% over \$7,689,000 for the same 1975 period.

The recently announced acquisition, effective January 1, 1976, of a 61.5% interest in Oxigenio do Brasil, the second largest industrial gas company in Brazil, has been accounted for in the above results similar to a pooling of interest. Accordingly, the first quarter results of Liquid Air Corporation of North America in 1976 were restated to include the operations of this Brazilian subsidiary.

Earnings per share also reflect the issuance of 310,000 shares of common stock in October 1975 as a result of a public offering. The total number of outstanding common shares and equivalent was 7,459,570 as of March 31, 1976 and 7,768,570 as of March 31, 1975.

Pierre Salibaing, President of the Company, said that higher net earnings resulted from increased sales, improved net gross profits due to lower product costs and a shift to a more favourable product mix, lower income taxes and some reduction in interest expenses.

Liquid Air Corporation of North America is one of the principal producers of industrial gases in North America, with operations in several regions of the United States and throughout Canada. It is also in the related business of distributing in such areas welding equipment and supplies, some of which it manufactures. U.S. Divers Co., a wholly owned subsidiary of the company, is the leading manufacturer and distributor in the United States of underwater diving equipment which it sells under the name Aqua-Lung.

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مكتبة الأهل

U.S. tax incentive scheme

Pentagon asks for five more ships

WASHINGTON, May 4. DEFENCE Secretary Donald Rumsfeld asked the Senate Armed Services Committee today for an additional \$12.2m, which would give the U.S. Navy five more ships which it says it will need to control the seas.

Mr. Rumsfeld's testimony was secret, but Pentagon officials released an unclassified summary. It reflected President Ford's decision last Saturday to increase his 1977 budget request for 1977 by adding four frigates, relatively inexpensive ships that fire guided missiles, and an older, \$350m. for a new nuclear aircraft carrier, and \$200m. in research money to speed up quick-takeoff V-STOL aircraft.

Early this year, the President asked for a \$6.3m. 16-ship budget, which already included eight frigates. The House voted to spend \$1.1bn. more on shipbuilding, cut four frigates out of the budget, added the aircraft carrier and eight more expensive, mostly nuclear-powered ships which the navy did not request.

The House had replaced four frigates with anti-submarine destroyers. Mr. Rumsfeld told the Senate committee that the 12 frigates were more necessary. "This," he said, "will provide the needed additional surface combatants with improved air defence, anti-submarine warfare and improved anti-surface warfare capabilities for support of task forces, convoys and defence of replenishment ships."

Ford may veto arms sale Bill

WASHINGTON, May 4. REP. WILLIAM BROOKFIELD, ranking Republican of the House International Relations Committee, said today that President Ford will veto the fiscal year 1976 International Security Assistance Bill.

The \$3.1bn. authorization measure, which would provide military credits and assistance to Israel and other Middle Eastern countries, contains new measures for Congressional scrutiny.

President Ford last week told Congressional leaders that he might veto this legislation because of his opposition to the restrictive aspects. UPI

U.S. accounting firms to give details of auditing

BY STEWART FLEMING

NEW YORK, May 4.

LEADING accounting firms in the U.S. will now be expected to submit the quality of their auditing work to detailed review by other accountants following a decision announced today by the American Institute of Certified Accountants at its half-yearly Council meeting in Florida.

The move, which firmly establishes the controversial "Peer Review" programme as essential for the accounting profession, was described by Mr. Ivan Bull, chairman of the Institute, as "a landmark decision."

The decision provides that an accounting firm whose clients are subject to the filing requirements of the Securities and Exchange Commission should open its files and operations to an independent review of audit work quality controls by fellow professionals. It is expected that the procedure will involve either an accounting firm or a panel from the Institute first examining the

principles of an accountant's practice and then testing to ensure that the principles are applied in practice by re-testing a number of actual audits.

Although the programme is voluntary, a spokesman for Peat Marwick Mitchell, one of the world's largest accounting firms, said yesterday "It is voluntary in name only. Each of the major accounting firms will have to submit to it. I do not think they could stand the heat generated by a refusal to participate."

Asked whether he thought the decision to require publication of the results of a Peer Group Review would tend to result in reports which were softened, he said "In the past, the atmosphere, I doubt if publication would result in reports being softened."

A number of accounting firms, including Price Waterhouse and Peat Marwick Mitchell, have already submitted to Peer Group Reviews. In the case of Peat

Marwick, the accountants Arthur Young and Co. first visited Peat's head office, then went to 18 branch offices and double checked the audits the company had done on 480 corporations to see that the principles the firm was following were applied in practice.

The decision to back the Peer Group Review programme is seen as a step not only to promote good audit work but also to shore up the credibility of the profession in the eyes of the public and the Congress.

Although the possibility of setting up similar procedure in London has been discussed within the accounting profession, particularly after the publication of the report in the affairs of London and County Securities.

The debate is not as well advanced as in the U.S. although the major accounting firms affected in the U.S. also dominate the British accounting profession.

3.2m. acres to be leased in Alaska

The U.S. Interior Department took another step toward leasing areas in the Western Gulf of Alaska for oil and gas development by selecting 3.2m. acres for intensive environmental study. AP-DJ reports from Washington.

The agency chose 564 tracts, none closer than four miles to shore, for a final environmental-impact study. All the tracts under consideration lie in an area South and East of Kodiak Island and South-West of Montague Island. A public hearing will be held on the environmental-impact study before any final sale plans are made.

Canada delays

The Canadian National Energy Board has announced amendments to licences delaying export of a petrochemical feedstock to the U.S. and construction of a pipeline from the West. AP-DJ reports from Ottawa.

The amendments are part of a complicated series of licences and applications by Dow Chemical at Canada, Dome Petroleum and Cotech Pipe Lines to move ethylene and ethane to Ontario and export some to the U.S.

Uruguay devalues

The Uruguayan Government devalued the peso yesterday by 0.62 per cent, bringing it from 3.96 to 3.98 to \$1, the sixth mini-devaluation this year. AP-DJ reports from Montevideo.

The Government announced that its trade deficit for the first three months of 1976 was \$3m. compared with \$10m. for the same period last year.

Peruvian mission

A small but high-level mission of Peruvian State banking authorities is due to arrive in London today for talks with international bankers, the main object of which will be to put together an emergency packet of re-financing loans, writes our Lima correspondent.

Last year Peru ran into a balance of payments crisis of unprecedented proportions—\$1.6bn. \$200m. more than the total value of the country's exports.

The mission is led by Dr. Carlos Santistevan, President of the Peruvian Central Bank. Dr. Santistevan will be telling European bankers that Peru needs \$400m. quickly, to help refinance this year's payments on the foreign debt.

Executive shot

Left-wing guerrillas early yesterday ambushed and shot dead a top executive of the Fiat Motor Company in a Western suburb of Buenos Aires, according to company sources. Reuter reports from Buenos Aires.

Sr. Pedro Rota, 41, head of the car assembly plant of Fiat's Argentine affiliate, was machine-gunned from a passing car as he was driving to work from his home.

BAHAMASAIR

Troubles of an airline

BY NICKI KELLY, NASSAI CORRESPONDENT

THE MESSAGE is urgent: "Fly Bahamasair at every opportunity. You'll be helping yourself, Bahamian employment and contributing to the nation's economy." It comes almost daily, by advertisements in the local Press and on radio, as Bahamasair is being exhorted to patronise their national carrier, but the outlook for success is not encouraging.

Less than three years after it was founded in a burst of independence enthusiasm, Bahamasair is on the edge of collapse, a victim of high fuel costs and public antipathy. Seldom has a government run show stirred up such strong feelings. Even the Prime Minister, Mr. Lynden Pindling, has been unable to resist pointing a finger at the "waste and inefficiency" that has threatened the airline's performance.

During April, in the fourth round of a series of labour disputes and lay-offs, Bahamasair announced a drastic pruning of domestic and international operations and the dismissal of 130 of 483 employees. The cuts, it is hoped, will wipe out the company's \$250,000 monthly operating deficit and bring the level of scheduled service "in line with the prevailing demand and the economic realities of the situation," Mr. William Allen, the chairman of the airline, said.

Job market

The dismissals could not have come at a more awkward time. In March the Sheraton British Colonial Hotel, with 485 rooms, announced it was being forced by economic circumstances to close down two thirds of its operation and lay off 200 of its 310 staff. With the job market already greatly contracted, the prospects of Bahamasair personnel getting new jobs quickly are slim indeed.

The Pilots' Association and the Airline Workers' Union, both of whom were engaged in contract negotiations at the time, threatened to strike unless some equitable settlement was reached. The pilots, 40 per cent of whom lost their jobs, charge that Bahamasair should have been given preference over the eight expatriates among the 29 pilots on the payroll. The airline union has argued that staff rotation might have preserved at least part-time employment for the rest of those dismissed.

In view of the current rate of unemployment—now put at well over 12 per cent—it seems unlikely the unions will be able to take effective retaliatory action. The management of Bahamasair is fully aware of their predicament.

"I don't think they would be silly enough to cut off their noses to spite their faces by striking," the airline's American managing director, Mr. Presley Ellsworth, has observed.

Mr. Ellsworth, a former general manager of British West Indian Airways, succeeded another American and one-time vice-president of American Airlines, who was abruptly dismissed by the Board six months after taking up his appointment. Like his predecessor, the new manager has had to grapple with a badly under-financed airline, hurriedly put together in the midst of the energy crisis and caught between increasing union pay demands and a depressed economy.

Disputes

Bahamasair was born 2½ years after Bahamas Airways (BAL), almost wholly owned by the London-based Swire group, abruptly ceased operations following certain disagreements with Government. An amalgam of BAL workers and employees from some of the smaller airlines, Bahamasair has never enjoyed the public support and staff loyalty given Bahamas Airways.

Continuous pay disputes and lay-offs, the regular breakdown of equipment and a general lack of communication between management and labour has sapped employee morale and produced poor service at many levels. In turn, Bahamians, who have no alternative on domestic routes, have retaliated by flying Bahamasair's principal competitor Eastern Airlines on overseas flights to Miami.

Bahamasair has already cost the Bahamian taxpayer at least \$8m., not including thousands of dollars in still unpaid landing fees. While it is easy to justify management's claim that staff performance is poor and the pilots' contention that there is mismanagement, the price increases touched off by the fuel crisis must still be held largely to blame for the airline's precarious financial position.

From \$85,000, Bahamasair's monthly fuel bill has escalated to \$250,000 to which must be added monthly salary costs of \$309,000 and a further \$153,000 for leased aircraft. These three main operating expenses alone total more than \$700,000.

With passenger revenues now less than \$300,000 a month, the airline, even with revenue from its successful freight service, has fallen far short of meeting its own expenses. Government has had to make up the difference at a daily cost of \$12,225. The Minister of Tourism and

Aviation, Mr. Clement Maynard, has emphasised, however, that this bankrolling of Bahamasair's losses cannot continue indefinitely, and the company would have to start meeting its own commitments. A year ago when the Airline Workers Union won a 5 per cent pay rise the government flatly refused to sanction the increases for six months on grounds it simply did not have the additional funds.

Under the circumstances, the most recent cutbacks hold out little hope of success. The pilots have pointed out that Bahamasair is too small an operation to support an expatriate general manager's salary of \$80,000. Figures show that the top echelon in the company even well in excess of \$200,000 annually, representing more than 5 per cent of the payroll.

Bahamasair's chronic operational losses are smaller than its pay scale, then to keep an official on the staff with that kind of pay is a sheer waste of company funds," they insist.

The pilots for their part are still trying to win agreement on the same pay scale offered by Bahamas Airways in 1969. They maintain Bahamasair can make money but needs to be completely restructured. Their grievances centre on what they claim is the poor deployment of personnel and aircraft, bad flight schedules and failure to expand the more profitable routes.

Committed

The pilots' complaints notwithstanding, Bahamasair, as the only island link, is committed to operating a number of unprofitable routes to the southern Bahamas. "What people must realise is that this airline cannot make money with the present route structure because we don't have the long hauls to subsidise the shorter ones around the islands," says its general manager.

Bahamasair is seeking to expand service to North America, including Toronto, New York, Dallas, Atlanta and Chicago. The Prime Minister has warned, however, that such expansion would cost about \$20m. in capital expenditure. While determined to keep Bahamasair flying as an essential community service, the Government has none the less made it clear that "circumstances beyond our control" might well take the decision out of its hands. Any further increase in operating costs, Mr. Pindling has said, could push the burden "to the point where we just might not be able to live with it."

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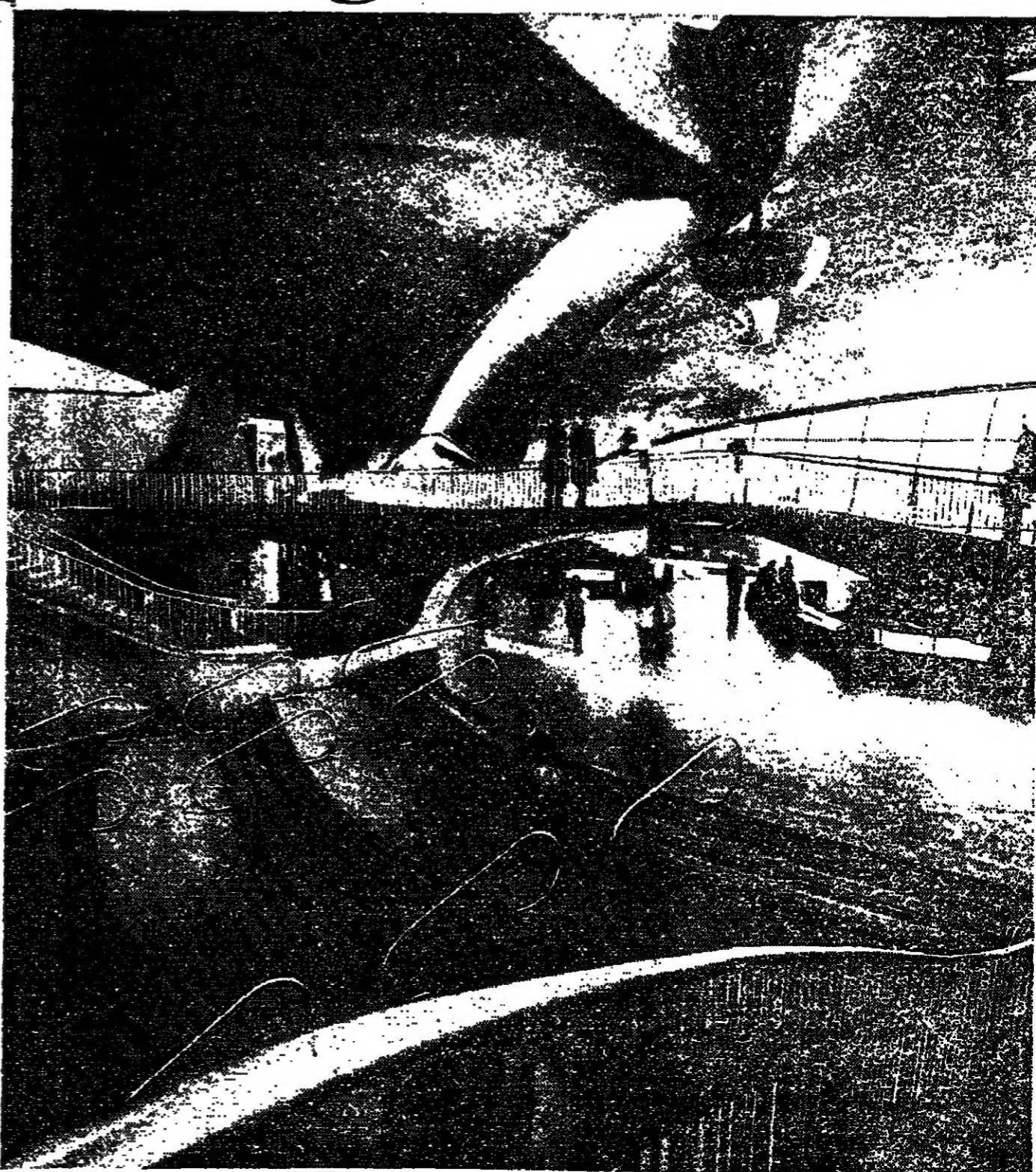
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EUROPEAN NEWS

The French Government has just laid out its plans for a capital gains tax. Rupert Cornwell in Paris reports on the heated reaction to it.

The taxman cometh

A NEW tax is rarely an occasion for national rejoicing, least of all in France with a hatred of the taxman and a rate of tax evasion probably unmatched anywhere in Western Europe except Italy. Even so the political uproar that has followed the Government's plans for a modest capital gains tax has taken back even the most cynical observers.

Barely had the Finance Minister, M. Jean-Pierre Fourcade set out his project than the abuse started, for once uniting Left, Right and centre over a single issue. For the Socialists and Communists, the new tax was a mockery. Real wealth would be untouched, while the hard won savings of the little man would be cruelly taken from him. For the Right, a capital gains tax amounts to an attack on the sacred right to possess things, a measure that might bring down the Bourgeoisie, industry and the economy.

So what is all the fuss about? France is almost one of the last major industrial nations to adopt a capital gains tax, and in doing so is treading very carefully. The fresh revenue for the Treasury will be only Frs.1.1bn. (£125m.) a year, to add to the Frs.700m. (£80m.) already levied on profits from certain property transactions. The total of some Frs.1.8bn. (£205m.) is equivalent to only 3.3 per cent. of the sum raised already by the country's comparatively gentle income tax. In the U.S. the ratio is 7 per cent. The revenue of £205m. compared with the £351m. raised by capital gains tax in Britain in 1974-75, although the U.K.'s much stiffer income tax means that the proportion of inland revenue in that financial year was only 2.7 per cent.

Few assets will escape the new tax, but M. Fourcade is offering very generous deductions for length of ownership and for inflation. His declared aim is above all to bring into the tax net those people—probably no more than 30,000—who make a living from short-term and essentially speculative capital gains. Of the 130,000 income tax payers, only 250,000 to 300,000 will be in any way concerned by the scheme. Gains treated most harshly will be those on goods held for less than two years. In their case inflation will not be taken into account and the tax will be levied at the rate



M. Jean-Pierre Fourcade: taking the heat.

due from the taxpayers concerned. Conversely gains on an asset held for 40 years or more will be no longer liable at all. Beyond two years, inflation may also be deducted, preserving the distinction between real and nominal capital gains. The U.K. does not differentiate between long and short term gains, for neither it nor the U.S. allow for inflation. M. Fourcade is exempting completely business capital gains made by farmers and small traders, as well as those accruing from the sale of a main residence, of bonds, and—perhaps less justifiably—of the Frs.20 gold Napoleon coin, the most cherished talisman of a nation of gold-borders.

Part of the trouble, of course, is of the Government's making. The two years between the threat and its implementation have allowed irrational fears to fester and the rich to make their own arrangements. Far more capital than will be raised by the new tax has already been shifted into the safety of Swiss bank accounts. The other serious criticisms of the tax are that it is too complicated (but where are taxes simple?), and that the Government has taken a sledgehammer to crack a nut. It is sarcastically pointed out that as much money could have been raised by putting up the price of petrol here by 1p a gallon—and three times as much by lifting by 1 per cent. the point of the VAT on luxury goods.

Another justifiable fear is for the Bourgeoisie, a sickly creature at the best of times, and for industry. If shares are liable, it is argued, companies will find it harder than ever to raise funds on the stockmarket, and be forced to borrow more from the banks and the bond market. The signs are, however, that the French public at large is taking a rather more phlegmatic view than the politicians, whose eyes are unrelentingly fixed on the key Parliamentary elections of March 1978.

The Gaullists, at best lukewarm supporters of President Giscard d'Estaing are trying to turn the issue into a battle to win the hearts of the bourgeoisie by a capital gains tax to their duty to remain loyal to the President's reform programme. Some, like the Assembly President, M. Edgar Faure, complain that the "unconcealed" measure is a "disgraceful bill" tabled by M. Fourcade in a parody of the 19th century masterplan conceived in the Elysee Palace. Others have been reduced to pleading for a straight wealth tax—even though they have in the past branded such a device as the final iniquity, which would be even more unpopular than a capital gains tax.

Against all this, the opposition from the Left links sincerity itself. They claim—with some reason—that the project will hit those who are building a fortune, rather than the privileged few who already have one. Debt duties in France are a shadow of those in the U.K., on a directly inherited estate, they never exceed 20 per cent., compared with a theoretical maximum of 60 per cent. (the top income-tax rate) for capital gains.

The need, however, to win votes in 1978 is producing some curious shifts in position, not only the Socialist leader, M. Francois Mitterrand, but that recently reformed character M. Georges Marchais, leader of the French Communist Party, are setting themselves up as champions of the second home and the little man, who will see his hard won savings taken from him.

What is going to happen? For M. Giscard d'Estaing, the tax must go through. If it is rejected, or unreasonably watered down, his pretensions to be a reformer of French society will have taken a fatal blow. Earlier reforms, like abortion and divorce, were frequently merely rubber-stamping what public opinion had long

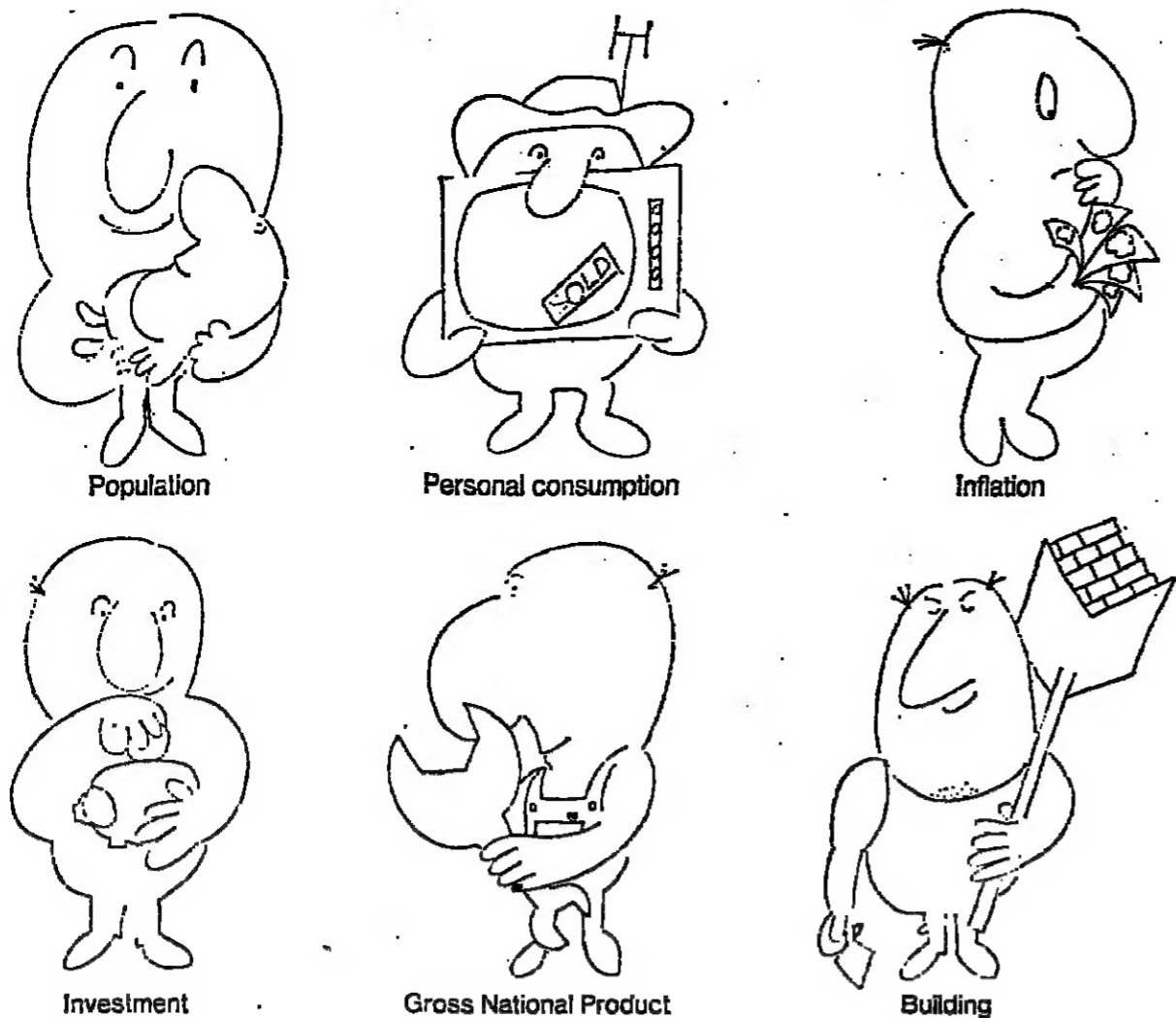
shortened. A deal will doubtless be struck along these lines among the coalition parties, and the Bill will go through. The Bourgeoisie will have survived—and French society will look very much the same as before, with one of the greatest spread of wealth of any major European country.

The new tax is thought of great potential importance. The Finance Minister believes in a step-by-step approach to fiscal reform, on the grounds that anything too sudden might have dangerous consequences in a country as set in its ways as France. If the bullaballion which has greeted the capital gains tax plan is anything to go by, he is surely right.

But his foot is now in the door, and to push it a little wider will be a simpler matter. What is more, the mechanics of the existing French system mean that the very fact of having to declare capital gains for tax may reduce the central problem of taxation here—the wholesale income and VAT tax evasion which costs the Treasury up to Frs.50bn. annually.

The Government is making progress, and unpaid taxes netted by Finance Ministry checks last year brought in some Frs.10bn. of extra revenue, double that of 1974. But as a recent report underlined, France's 20m. self-employed declare to the tax authorities only half (and often less) of their real earnings. To straighten things out would require 12,000 new inspectors, and this alone explains why M. Fourcade argues that a wealth tax with 12m. to 15m. fresh declarations required, would be administratively impossible, and why he is relying on spectacular bounding of the famous to drum home the message that fraud does not pay.

The new tax should help this process of "normalisation" by making it to people's advantage to put a higher initial value on their assets. The Treasury will gain a clearer idea of what Frenchmen possess, as opposed to what they say they possess. If income tax revenue could be increased, the day would edge nearer when indirect taxes may be cut, and this, perhaps more than a fledgling capital gains asset must be held before it tax would make the French tax system fairer.



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مكتبة الأمل

Bundesbank raises reserve requirement for the banks

BY NICHOLAS COLCHESTER

BONN, May 4.

THE COUNCIL of the West German Bundesbank today decided to raise its minimum reserve requirements on bank liabilities by 5 per cent. retroactively from May 1 and by a further 5 per cent. on June 1. The measures are designed to absorb liquidity put into the banking system by the wave of currency speculation of March and April, and the Bundesbank stressed today that they did not signal a return to restrictive monetary policy.

Nevertheless, the decision is the first in a restrictive direction since the German economy started its recovery last summer. It follows confirmation yesterday of similar thinking on the part of the U.S. Federal Reserve and

Loans and aid worth \$1.5bn. by the EEC

By Guy de Jonquieres

BRUSSELS, May 4.

COMMON MARKET Foreign Ministers today set a level of about \$1.5bn. of security on aid and European Investment Bank loans to be granted to a mixed bag of Mediterranean non-member countries over the next five years. The recipients will include four Arab countries, though in deference to misgivings, notably on the part of the French, the Ministers left open the question of whether Israel will benefit from the arrangements.

Responsibility for settling this point has been turned over to the committee of permanent national representatives. But provision for eventual disbursements to Israel have been made in a "reserve" of 40m. units of account set up as part of a total allocation of 800m. units of account in EIB loans.

The permanent representatives have also been charged with working out the precise distribution of the funds and the financing of the aid portion, which totals 480m. units of account. They are also likely to be urged by the Dutch to pay out the money over four rather than five years.

The only country to have been assigned a precise share so far is Portugal. It will receive 200m. units of account in loans and a further 30m. units in aid, representing subsidy on the interest charged by the EIB.

West German printers act against editorials

CHARGES of censorship marred the reappearance today of West German newspapers for the first time in six days.

Striking printers went back to work at the country's 450 daily newspapers, while union and employers' representatives discussed a union demand for a pay increase. Two newspapers, the Hanover edition of the Bild, and the Frankfurt Neue Presse, had a blank white space where the editorials usually appear.

The newspapers said the printers refused to set type for editorials that charged the printers strike had been interference with freedom of the Press. The German Journalists' Association joined the two newspapers in condemning the printers' refusal to print the editorials.

As negotiations were set to resume in the city of Mainz, there were reports that the union was hoping for a settlement above 6 per cent. It was understood that union leaders threatened to strike again if the talks failed. Printing workers want 9 per cent. wage increases, and employers have offered 5.4 per cent.

Meanwhile, a public opinion institute found that 78 per cent of the German public missed considerably their newspapers during the stoppage, the longest for more than 20 years.

Amateur football clubs complained their crowds were 50 per cent. down for lack of news publicity, and a car salesman said he had lost 300 potential clients.

BONN, May 4.

Business was lost at cinemas and dance halls, and by call girls who rely for trade on discreet Press advertising. Publishers were reported to have lost more than \$100m. (over £12m.) a day in advertising revenue.

West Germany's Chemical, Paper and Ceramics Union has called on 4,700 employees at four German rubber plants belonging to major U.S. tyre makers to refuse overtime work in support of an American rubber workers' strike. AP-DJ reports from Hanover. The plants are Gummwerke Fulda, a Fulda-based Goodyear subsidiary, Deutsche Gummwerke GmbH of Karlsruhe, Uniroyal AG of Aachen and Goodrich GmbH in Koblenz. Agencies

Consul accord

BRITAIN yesterday became the first NATO country to conclude a consular convention with East Germany. Reuter reports from East Berlin. British Ambassador Percy Cradock and East German Deputy Foreign Minister Kurt Nier signed an accord which provides the legal basis for each country to look after its citizens. The only other non-Communist countries with consular agreements with East Germany are Austria, Finland, India and Austria. Several of Britain's NATO partners—the United States, France, Belgium and Italy—are also negotiating with the East Germans.

Britain calls for 50-mile fish limit

By Robin Reeves

BRUSSELS, May 4.

BRITAIN today told her Common Market partners that a revised common fisheries policy (CFP) must allow for exclusive national offshore fishing zones as wide as 50 miles. The Brussels Commission's proposed limit for exclusive national fishing of 12 miles will not meet the U.K.'s needs, Mr Roy Hattersley, Minister of State at the Foreign Office, insisted before the EEC Council of Ministers.

Mr Hattersley was spelling out for the first time in any detail, the Government's demands on revision of the CFP in the light of a general move to 200-mile economic zones, expected to result eventually from the UN Law of the Sea Conference.

In a very diplomatically worded statement, Mr Hattersley told his colleagues that the Government had rejected the British Fishing Industry's demand for 100-mile exclusive limit as "unobtainable."

Instead, he appealed to the Council as "friends and colleagues" to recognise that the 12-mile Commission proposal was inadequate for the country's needs.

He said the Government had been examining the key fishing areas for the U.K. beyond 12 miles and had found that many of them were within 35 miles and all within 50 miles. While there would be much to be said, he continued, for as wide a uniform band as possible, the Government would be ready to consider a variable belt with the precise width to be determined by regional considerations.

Mr Hattersley insisted to journalists afterwards that the up-to-50-mile demand was not "a negotiating gambit, propaganda exercise or auction."

It represented the needs of the U.K. fishing industry and what the Commission must do its best to provide. He admitted that "candidate" areas for a 50-mile exclusive limit included Scottish waters, the fishing round major ports like Hull and Grimsby and off other areas where, as he put it in the Council, there could otherwise be economic and political difficulties especially of a regional character. He had appealed effectively for Community solidarity on this point.

Lira sinks to a new low as fears of Communist election advance persist

BY DOMINICK J. COYLE

ROME, May 4

AS ITALIAN political parties prepare for the formal mid-week start to their 45-day general election campaign, the lira suffered a further sharp decline and a number of new indicators available today confirm both the underlying weakness on the balance of payments position and the continuing inflationary pressures in the economy.

The central committee of the Christian Democrats, who will be trying desperately in the June 20-21 election to maintain their position as Italy's largest political party, in the face of a strong challenge by the Communists, met this evening to prepare election lists and to start work on the drafting of the party's manifesto. The party manifesto has much less relevance in Italy than, say, in Britain, in terms of setting out clear electoral commitments, but observers here will be watching the Christian Democrat blueprint very carefully to determine the respective influence of the party's Left- and Right-wing factions. Just prior to the final collapse of the administration of caretaker Prime Minister Sig. Aldo Moro last week-end, the Christian Democrats were at

some pains to present a united party image, despite signs that the more conservative elements were winning out in their campaign to represent the Christian Democrats as an integrationist, pro-Vatican and thus staunchly anti-Communist Party.

Sig. Benigno Zaccagnini, the party secretary, and to a large extent, Sig. Moro, are to the Left of the party, although still opposed to a direct Government role for the Communists, and there is considerable interest here to see what influence they will have on the Christian Democrats' election policies.

The Communists, with one in three of the popular vote on the basis of last year's regional elections, will be meeting tomorrow, and for them electoral strategy could be vital. The party did not want an election at this time, and its leadership will be anxious to use the campaign to demonstrate its determination to "act responsibly" whatever result emerges from the elections.

Thus, the party can be expected to continue to insist on the desirability of the so-called "historic compromise," or grand coalition of all democratic forces in Parliament after polling day.

whatever the actual outcome in terms of party political representation. Indeed, the Communists would almost certainly be unhappy if they were to emerge as the largest single party and with a significant lead over the long-

Fears of a major Communist advance continue to dominate the foreign exchange markets, and the lira fell a further 14 points today against the dollar to a record low of 917, an effective devaluation of over 33 per cent since January 20 last, when the authorities were obliged to close temporarily the market to prevent a major run on the currency.

The fall in the lira's value against major currencies is now being reflected in sharply higher prices. Wholesale prices in March were 4.6 per cent. up on February, representing the largest month-to-month increase for two years, and suggesting that consumer prices in April are likely to exceed the 2.1 per cent increase recorded the previous month.

A number of leading motor manufacturers today announced yet another round of price increases. Most Fiat models increased by 5 per cent. Ford announced a similar rise. Opel cars up by 8 per cent. and Renault models by 4.5 per cent.

Finally, Italy had a deficit of \$1,620m. in March on external merchandise accounts, the largest for 21 months. This compares with a deficit of \$1,210m. in March 12 months ago.

ruled Christian Democrats, particularly in their Parliamentary strength, combined with that of the Socialists, Italy's third largest party, would give a "popular front" formula a theoretical working majority.

Greek Cypriot leaders have rejected a Turkish-Cypriot proposal that the two feuding communities in Cyprus set up separate states within a Federal Republic. The Cyprus news agency said yesterday, reports Reuter from Nicosia.

The Turkish-Cypriot side's ideas on the island's future were handed to UN Special Advisor Perez de Cuellar last month and disclosed yesterday by the agency. Mr Tasos Papadopoulos, the new Greek-Cypriot representative in the intercommunal talks, responded that the Turkish-Cypriot document contained "unacceptable propositions, assertions and demands." CNA reported.

The intercommunal talks, headed by Mr. Papadopoulos and Turkish-Cypriot representative Umit Suleyman Onan, are due to restart on May 12.

Spanish protest

Demonstration sources said yesterday that scores of demonstrators arrested in the week-end May Day protests in Madrid had been fined sums of up to 200,000 pesetas (£1,800) reports Reuter from Madrid.

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Portugal seeks decision

BY PAUL ELLMAN

LISBON, May 4.

PORTUGAL'S military leadership was meeting tonight to discuss the burning question of the country's presidency.

Although this could not be confirmed officially, it was understood that members of the Revolutionary Council would try to make a final decision on whether General Ramalho Eanes, the Army Chief of Staff, will declare his candidacy.

The General has been the subject of persistent wooing by civilian political leaders ever since the general election of April 25 produced a stalemated result. In the process, General Ramalho Eanes has indicated a number of tough conditions he would expect to be met.

These are believed to include that he would run unopposed in the presidential poll scheduled for two months' time, thereby turning it into a form of plebiscite.

A major stumbling block in the way of a final announcement that Gen. Ramalho Eanes will run has been the problem of choosing his successor as Army Chief of Staff.

This post has acquired added importance lately as military chiefs prepare to reorganise the Army to make it more effective as a conventional Nato force.

Among candidates currently being mentioned in Lisbon is Lt-Col. Firmiano M'guell, a leading member of the "shadow cabinet" General Ramalho Eanes has built up at Army headquarters since he co-ordinated the crushing of last November's abortive left wing rebellion.

Danish deficit

Denmark's trade deficit increased to Kr2,087bn. in March over Copenhagen Correspondent writes. The March deficit this year was the biggest monthly deficit since January 1974 and the second biggest monthly deficit ever. The first quarter deficit was Kr4,977bn. compared with Kr1,890bn. last year.

Exports were up by 11.6 per cent. to Kr13,180bn. and imports by 32.7 per cent. to Kr18,137bn.

Bank strike plan

French banking unions have said that they plan to call a national strike of bank employees if pay demands are not met at a meeting with management later this week. Reuter reports from Paris.

Cypriot plans rejected

Greek Cypriot leaders have rejected a Turkish-Cypriot proposal that the two feuding communities in Cyprus set up separate states within a Federal Republic. The Cyprus news agency said yesterday, reports Reuter from Nicosia.

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Greek MP's death

Greek judicial authorities continued their investigation into the death of liberal politician Alexandros Panagoulis yesterday after delisting a shocker who said that his car was involved in the fatal road crash on Saturday. Reuter reports from Athens.

Various youth organisations called on their members for a mass turn out at today's funeral of Mr. Panagoulis. The 37-year-old independent Member of Parliament was a hero of the resistance to Greece's former military rulers. His family has claimed that he was the victim of a political murder.

No joy in old age

Living longer does not make people happier, Dr. Halldan Mahler, Director General of the World Health Organisation (WHO), said yesterday. Reuter reports from Geneva. While modern medical and health care has prolonged the lives of millions, longevity had not brought the happiness many assumed it would, he told the Organisation's annual three-week conference.

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- ☐ Cranes
- ☐ Desalination equipment
- ☐ Electric motors and switchgear
- ☐ Electronic burglar alarms
- ☐ Electronic componentry and instruments
- ☐ Fire fighting equipment
- ☐ Foodstuffs
- ☐ Forgings and castings
- ☐ Generators
- ☐ Heavy gauge wire rope
- ☐ Hides, skins and leather
- ☐ High pressure steel pipes
- ☐ Hospital and medical equipment
- ☐ Hydraulic pumps
- ☐ Lawn mowers
- ☐ Materials handling equipment
- ☐ Mechanical engineering consultancy services
- ☐ Mining consultancy services
- ☐ Motor vehicles, garage equipment and parts
- ☐ Navigation instruments
- ☐ Radio broadcasting equipment
- ☐ Radio communications equipment
- ☐ Refrigeration components and coolrooms
- ☐ Safety clothing and equipment
- ☐ Steel bars and rods
- ☐ Textile spinning machines
- ☐ Vacuum pumps
- ☐ Valves
- ☐ Welding appliances and rods
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OVERSEAS NEWS

Bangladesh bloodless coup foiled

By Our Foreign Staff

AN attempted coup in Bangladesh was apparently foiled last Friday, according to reports reaching London from Dacca yesterday.

It was led by the chief of the Air Force, Air Vice-Marshal G. M. Tawab, who was also a deputy martial law administrator and a member of the ruling triumvirate under General Ziaur Rahman.

The attempted coup apparently took the form of a bloodless confrontation in General Ziaur's offices last Thursday and Friday, after which Air Vice-Marshal Tawab and the four other main conspirators were bundled out of the country. Air Vice-Marshal Tawab was put on a Bangladesh-Biman flight bound for London, while the other four were placed on a Thai flight for Bangkok.

The motives for the coup attempt remain something of a puzzle. But the names of the four other coup leaders—Col. Rashid, Col. Farukh, Major Dalim and Capt. Muslemuddin—along with those of the ring leaders of last August's coup against Sheikh Mujibur Rahman, Bangladesh's first president who was then murdered along with many members of his family.

Sheikh Mujib was regarded by his murderers to be following too pro-Indian a line. Air Vice-Marshal Tawab, who himself was not involved in Sheikh Mujib's murder, is also known to feel that Bangladesh should pursue a policy of speedy reconciliation with Pakistan and to distrust overly close links with India.

In fact, General Ziaur has been steadily improving links with Pakistan—much closer than for enough for Air Vice-Marshal Tawab and his colleagues. Bangladesh and Pakistan have recently exchanged ambassadors, and only last week a Bangladesh delegation flew to Karachi to conclude an agreement to resume direct trading links, severed after the 1971 war, with the hope that similar shipping and banking agreements would soon follow. Recently Bangladesh's relations with India have been strained over the vexed matter of sharing the Ganges waters.

According to the reports from Dacca, the coup attempt was almost gentlemanly with the coup leaders depending on, but never being able to use support from certain sections of the Bangladesh army. Air Vice-Marshal Tawab's four colleagues, who had only recently returned to Dacca after being exiled in November, first to Bangkok and then seeking refuge in Libya, hoped for help from the Armoured and Artillery Corps, which they had originally commanded. The Air Vice-Marshal for his part hoped for some air force support.

President Franjeh threatens to stay if elections abort

BY MICHAEL TINGAY

JOUNIEH, May 4

AS fierce fighting continued in Lebanon and doubts grew about the chances of Parliament meeting as scheduled on Saturday to elect a new Head of State, it was authoritatively learnt here today that President Sulaiman Franjeh may insist on staying in office even if a successor were chosen at the week-end.

At a brief meeting near here, Mr. Franjeh himself was unwilling to discuss political matters. However, it was explained by a source close to the Presidency that he will not climb down as long as he feels the country is "still in danger."

Mr. Franjeh is understood to believe that a solution must depend on the choice of the right man. He is only prepared to resign and facilitate the installation of a successor when he is convinced that a suitable candidate has been elected and a settlement of the civil war is possible.

Syria's mediatory role, and the left-wing alliance under the leadership of Mr. Kemal Jumblatt are still deadlocked by disagreement over who should become the next Head of State. The choice of the Left is Mr. Raymond Edde, the Maronite Christian who heads the National Block Party while Elias Sarkis, the Governor of the Central Bank—who would presumably also receive the blessing of Mr. Franjeh.

This was not confirmed by the source, but he said "the question

of resignation is left to the President. If he feels the situation is on the way to a settlement, he would resign as quickly as possible. If he feels there is still a danger—and look what a vacuum there would have been had the President resigned, say, last Saturday morning when the election was due—then he would continue."

He said possible "dangers" were any threat to the democratic system—despite all its faults—and signs that Lebanon's troubles were not diminishing.

His plan for their solution is a call on "friendly countries to help solve these problems, with arms and troops." He has in mind Syria, the U.S., France and Saudi Arabia.

Syria should primarily take on the task of maintaining security. Restoring economic confidence would fall to the Western countries—France and the U.S. For durable political solutions one would look to international organisations.

A Saudi Arabian role would arrive once Syria and the U.S. agreed on the solution, which the source maintained, should be a "Lebanese solution." This should be subject of a vast referendum.

In such a referendum, the source believed, the question of Lebanese neutrality must again a majority from both Moslem and Christian communities. He went on "from a vast referendum you can get durable solutions."

New Bill to strengthen S. African police power

BY STEWART DALSY

JOHANNESBURG, May 4

AT LEAST 77 people are being detained in South Africa and four in Namibia (South West Africa) under security laws with only mixed prospects that they will ever be brought to trial, according to a hard hitting report by the Christian Institute of Southern Africa released here today.

At the same time as the release of the report, it is learned from Cape Town that the Government is seeking new powers to act against organisations and people it considers are engaging in activities endangering the security of the State or the maintenance of public order. A new Bill—entitled The Pro-

tection of State Security Bill—will touch on the powers the police have under the Suppression of Communism Act. A clause in the new Bill will empower any member to arrest and detain in custody for up to seven days without warrant any one an officer feels is engaging in activities endangering State security.

The police can under existing legislation detain people indefinitely without trial. The seven day provision, however, is a specific loophole which the Government is trying to fill. It would appear, with regard to the possibility of urban terrorism,

Malaysian troops in border row

Thailand has told Malaysia to pull its troops out of the country after two days of mass protests at a border town two miles from the frontier, diplomatic sources said yesterday.

Foreign Minister Pichai Rattakul summoned the Malaysian ambassador Dato Abdul Rahman to his office and told the envoy Thailand wants the company-sized Malaysian unit pulled out of Betong, near the southern border, UPI reports. Both sides of the border are heavily penetrated by Communists and some police sources in Bangkok believe the Betong demonstrations are Communist-inspired.

But the effect was to draw a clear difference between British and Chinese thinking on the Soviet problem, though

THE CHINESE Government has just made a rare purchase, buying a print of the film "Wuthering Heights" (repeatedly, the 1971 remake, not Laurence Olivier's 1939s version). The decision could only have been made with the approval of Peking's cultural overlord, Chiang Ching (Mao Tse-tung), herself an actress. How this Yorkshire tale of all-consuming love fits in to the grave and possibly exemplify the class struggle in a meaningful way must baffle all but the most ingenious China-watchers.

But while it is difficult to imagine Mao identifying with a Brontë heroine, the choice reinforces the view that she, as a major radical protagonist in the current power struggle in Peking, is a woman with a strong taste for passion and drama. In the last few months it has been fed by the campaign against her political and personal enemies which culminated in the riot in "ing on April 5 and the ensuing dismissal of Vice-Premier Teng Hsiao-ping. Like Heathcliffe, she is plainly a good hater.

The struggle is obviously continuing as the radical Press fuels it with further attacks on Teng and other capitalist roaders, but after the brief outburst into the public eye, it has vanished again behind the normal Chinese conventions of historical analogy and on-launching of a handful of named enemies. But the disturbances show that there is a tide of feeling in favour of the policies of the later Premier Chou En-lai which, if stifled, can only produce further clashes.

Mr. Antony Crosland, the Foreign Secretary, is unlikely to see many of the undercurrents in the drama during his current visit to Peking. His main contacts will be with his Chinese opposite number, Chiao Kuan-hua, though he is expected to meet the new Premier and first vice-chairman, Hua Kuo-feng.

Mr. Crosland said at one point that Britain would certainly keep up its guard—adding the word "certainly" to a prepared text which had previously omitted it. However, he also pointed to the need for détente in a sentence which read: "Defence and deterrence are not enough."

Britain's advocacy of deterrence plus détente, which was apparently put forward during private talks with the Chinese Foreign Minister this afternoon, as well as in the banquet speech, does not appeal to the Chinese and is likely to be one of the subjects on which the two countries will have to agree to differ during the current three-day session of talks.

There was for closer agreement to-day on the other main subject discussed—the future of the EEC and Britain's commitment to it. Mr. Chiao Kuan-hua made a strong appeal for European political unity in terms which came close to echoing statements on the same theme by leading Europeanists such as Mr. Edward Heath. Mr. Crosland said he wanted to see Europe turn more towards political unity and did not wish the EEC to preoccupy itself with nuts and bolts issues.

Mr. Crosland's problem so far has been to convince the Chinese of Britain's seriousness and reliability as a member of the Western community, without going all the way with some of the more intemperate Chinese views on the Soviet Union. Chinese reactions to the talks were not immediately apparent, since to-day's session took the form mainly of Mr.

Crosland sees Foreign Minister in Peking

BY CHARLES SMITH

BRITAIN is doing its best to convince China that it takes the Soviet "menace" seriously, but is also standing up for détente as an essential element in the maintenance of East-West stability.

This was one of the major themes of a speech delivered to-night by the U.K. Foreign Secretary, Mr. Anthony Crosland, at a banquet hosted by his Chinese opposite number, Mr. Chiao Kuan-hua.

Mr. Crosland handled the subject with some care, avoiding explicit references to the Soviet Union and even refraining from use of the word "détente" during his entire speech.

But the effect was to draw a clear difference between British and Chinese thinking on the Soviet problem, though

without denying the validity of Chinese fears.

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Crosland replying to close and continued questions by Mr. Chiao. But it was clear that Europe and the Soviet Union were the prime areas of Chinese interest by the heavy concentration of questions on these themes.

China is believed not to have gone deeply into the Southern African situation, which it was previously expected to raise with the U.K. Apart from the major issues of Europe and the Soviet Union, there seems to have been close interest in the current state of Britain's economy and prospects for North Sea oil.

Apart from the review of international issues, Britain has "placed on the table" a variety of bilateral matters which it would like either to settle or at least to raise during the current round of meetings.

that the Peking government has just had to cope with the most significant outbreak of popular feeling in its 27 years of office. Although the Cultural Revolution saw terrible enmities and fierce bouts of fighting, it was initially at any rate, a manufactured affair. This time, the demonstration of respect and affection for Premier Chou and his policies on the traditional gravesweeping festival led to a fury when the wreaths were removed which seems to have been quite spontaneous. Western witnesses do not support official Chinese news reports designed to blame the disgraced Vice-premier Teng and other counter-revolutionaries for deliberately engineering the outburst.

In the top leadership, in spite of the re-emergence of moderates since the dismissal of Teng, the radicals are far more in the public eye. The May Day line-up on Saturday put Chiao Ching prominently to the fore as did a reception last week when all the radical leaders took precedence in the list over the moderates. The talented Vice-premier Chang Chun-chiao, who rose swiftly to the top from Shanghai in the Cultural Revolution through his support for her, has evidently inherited one of Teng's important functions, that of receiving senior Western visitors. Last week for the first time he held talks with a group of U.S. Congressmen.

Overall, then, the radicals are now on top. This may be the last time Chiao Ching's hostility to her husband's old colleagues has provided much of the drive force behind the radical campaign, unlike Heathcliffe in Emily Brontë's story, she has learned to channel her emotion into accomplishing her aims. If the radicals strengthen their grip to the point where they can turn domestic policy stars left, the explosion among the unwilling people of China could be tremendous.

An evening with Ching and Emily

BY COLINA MACDOUGALL



Mme. Chiang Ching (right) perhaps influenced the purchase of "Wuthering Heights."

feng, Chiao reiterated, only last week to the Japanese ambassador in Peking that foreign policy had not been affected by the leadership changes. So far, then, one can assume that the outward-looking attitudes that China has maintained in the last few years are unchanged, and that the policy of cultivating Europe (and therefore Britain) as a barrier to Soviet westward expansion continues.

The tenor of recent speeches and articles in the Peking Press is that the Soviet Union continues to be the main danger in the world. As much of Chinese foreign policy stems from that fundamental view, there are not

likely to be many changes. As far as Britain is concerned, while the Chinese prefer the Conservatives to the Labour party, they are reassured that London is keeping a tactful distance from Moscow. The writer's sale to her husband's old colleagues has provided much of the drive force behind the radical campaign, unlike Heathcliffe in Emily Brontë's story, she has learned to channel her emotion into accomplishing her aims. If the radicals strengthen their grip to the point where they can turn domestic policy stars left, the explosion among the unwilling people of China could be tremendous.

Although Mr. Crosland's visit will probably pass off in conventional quiet, the fact remains

FINDING THE RIGHT ANSWERS IS EASY. IT'S ASKING THE RIGHT QUESTIONS THAT'S DIFFICULT.



At Ericsson, we don't believe in easy answers or ready-made solutions to telephone or telecommunications problems.

We like to dig deeper. Identify the right questions and then ask them. Even if sometimes they're questions our customers (or even our own people) might prefer not to hear.

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Not just on a day-to-day basis, but in other ways, too.

Our Annual Maintenance Conference is a good example.

We held the first one in Stockholm in 1956. The subject was the operation and maintenance of public automatic telephone exchanges.

The exchange of information and experience proved so helpful that we invited telephone administrations around the world to send their maintenance experts to similar conferences in 1957 and 1958.

That's been the pattern ever since. As an opportunity to exchange experience, the Annual Maintenance Conferences have proved invaluable both to our customers and to us. They've kept us in close touch with our customer's needs and concerns as the technology of telecommunications has changed from manual telephone systems to automatic, and now from electro-mechanical towards electronics.

As an indication of the importance of the Conference, maintenance experts from 87 telephone administrations in 53 countries have now attended. And

many administrations have sent delegates to several consecutive conferences.

At Ericsson, we've developed our business the hard way.

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Today we're one of the world's major telecommunications groups with more than 85,000 people worldwide, 70 factories in 15 countries, operations in more than 100 countries and annual sales of more than \$1.5 billion.

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The Ericsson Group specializes in the design, manufacture and installation of telecommunications systems. Including public and private telephone exchanges; telephones; transmission, cable and network products; intercom, radio and data communication systems; components. For details write or call: The Ericsson Group, World Headquarters, S-126 25 Stockholm, Sweden or Thorn-Ericsson, Viking House, Hørsholm, Sussex, England.



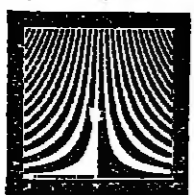
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IRAN AIR ☐ PAN AM ☐





The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

SAFETY & SECURITY

Sets a trap for a thief

IDEAS FROM two Belgian companies, if combined, could provide banks and other centres handling large amounts of loose cash with a first-class deterrent to the hold-up gang.

The first idea is for a coded cash drawer which remains securely locked until one or more codes are punched. But only one of these codes is in effect, the sequence that will open the drawer and do nothing else. Any other will release the drawer, but at the same time allow the high denomination notes, stored at the rear, to fall into a chute taking them down into a safe area.

Simultaneously, an alarm—which need not be audible—can be set off. This is where the other company comes in.

However, before describing the idea from the second concern, it is appropriate to point out that the coding in the first device is easily changed, and there are no visible wires that a thief might be tempted to rip out. The whole system can be battery-operated and there are warning devices built in to tell the cashier when the till is not locked that is if it has been pushed in but not far enough.

Where the second group comes in is in the provision of armoured glass sliding doors. The intention would be to provide the premises with two pairs of these in sequence. The inaudible alarm would unobtrusively close the outer pair and when the intruders were attempting to get to that door, passing the internal pair, these would also close, trapping the hold-up gang—or so the theory goes. The internal doors would be actuated by the breaking of a light beam controlling the operating cylinder through a relay system activated when the alarm goes off.

Bullet-resistant glass is used in the structure of the doors and presumably in the walls of the lobby formed between the inner and outer pair.

They also are equipped with their own alarm devices which report when any attempt is made to force them against normal manual and electric locking devices.

In case of power failure it is possible to allow for automatic transfer to stand-by batteries and there also is the possibility of manual opening, following a given procedure should there be a mechanical breakdown.

Further from the companies—La Cominière SA, Rue de la Science 5, 1040 Brussels; or S.A. Devicor FE, Rue du College 30, 8530 Bouillon, Belgium.

D-I-Y kit guards homes

BOATS, caravans, shops and homes can be given anti-burglar or intruder protection with some easy to assemble kits. Any handyman can put together with hammer and screwdriver.

A range of three kits from just under £20 to just under £60 is being offered at shopping centres all over the country. All three contain door and window contacts which will operate an alarm when a door or window is opened or closed or connecting wires are cut.

According to size, the kits also contain additional pressure-operated devices which can be fitted under door mats or on the treads of stairs.

The largest kit also has a fire sensor into the bargain from the initial system to full protection through the purchase of accessory packs and the company is providing demonstration models so that even the complete tyro can go home and set up the equipment without problems.

The equipment contains a particularly powerful alarm unit which should scare off even the most intrepid intruder. It would be very difficult to bypass even though installed by amateurs in the crime prevention game.

Further information from Dixons Photographic at Prioz House, 84, Pinner Road, Harrow, Middlesex. (01-863 9411).

Tough nuts to crack

SAFE manufacturers are engaged in continuous covert conflict against criminals. In order to keep a step ahead of the latest additions to the burglars' armoury, unceasing and extensive research is necessary.

Chubb Research is a world leader in this work and its two latest safes embody developments several of which are unique.

The Renova safe falls into the lower middle bracket of safe security. Its barrier material, the Chubb F2, is resistant to plosive and drill attack in addition to flame cutting attack.

Essentials for quality safes are built into the Renova: boltwork which moves and engages from all four sides of the door and bolts which shoot right into the barrier material.

The Resolute has these some of which automatically operate every time the safe is locked, whilst others are sensitive to attack by heat, drill or explosion and activate as soon as the attack is felt.

features and its barrier is formed with Chubb Formulation 43, a new safe material which combines thermal strength and toughness with high drill resistance. The door is protected by TDR (Torch and Drill Resisting) material.

The locking and boltwork mechanisms in both safes incorporate many relocking devices.

Replacing asbestos

TO MEET demand for asbestos-free products in flexible and rigid form, McKechie Refractory Fibres is increasing its ceramic fibre product range.

The fibre is available in three grades with an upper temperature limit of 1600 degrees C. They are not affected by steam or oils and have low thermal conductivity and shrinkage, while fitting in complex shapes presents no problems.

McKechie is on POB 4, Widnes, Cheshire, WA9 0PG (051-224 2611).

RESEARCH

Effects of the wind studied

THE effects of winds on a North Sea oil rig are being studied by British Aircraft Corporation, Commercial Aircraft Division at Filton, Bristol, on behalf of the Statoil/Mobil group, the Ninian Field project partners and other North Sea oil contractors and their consultants.

Using the wind tunnel at Bristol in which much of the aerodynamic research was carried out, BAC engineers are working at the problems and effects of high winds and icing on various critical parts of the structure such as the helicopter pad, the air conditioning inlets and the 400-foot flare stack.

The flare stack—a long slender boom cantilevered from the main structure at 45 deg—is the pipe for burning off vapour at a safe distance from the production point and is destined for a Statoil/Mobil Group platform in the Statfjord Field. Before construction begins, BAC have been asked to study the stack's dynamic behaviour in all wind conditions as well as the behaviour of the gas flame.

FARMING

Concrete silos

FARMERS are being offered a kit to enable them to construct their own concrete silos by the Formwork Division of Mills Scaffold Company.

The kit includes all the equipment required to form free-standing walls or facilitate infill to a steel frame construction and may be hired or purchased.

Mills is also offering advice on general construction methods covering erection of the equipment, suitable foundations, quantity and mix of concrete required, concrete pouring, and correct striking (equipment dismantling) procedures.

Further details are available from the company at Prince Street, Walsby, West Yorkshire, WF10 0AW. (021-556 3455).

DATA PROCESSING

Power for teaching

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POLLUTION

Reducing copper in effluent

IN ORDER for plant which will almost eliminate copper from an effluent flow has been received by Ecological Engineering, Macclesfield, from Kemisk Vaerk Koge A.S. (KVK) of Koge, Denmark.

KVK makes many organic chemicals at Koge, on the east coast of Denmark, where stricter pollution control laws have led in the installation of new effluent treatment plant, principally a biological system with rotating discs. However, one of the effluent flows contains up to 400 ppm of copper and this is a serious threat to the micro-organisms in the biological plant.

Ecological Engineering has designed an electrolytic metal extraction unit, based on the Eco-Cell (patented), to reduce the copper content to the effluent from 400 ppm to 2 ppm.

Eco-Cell uses a rotating cylinder electrode. This allows metals, in effluent or other solutions, to be extracted and recovered as a mass transfer often as much as "plate in tank" cells. That of "plate in tank" cells, ion-exchange membranes sep-

ELECTRONICS

Simplifies circuit testing

EASY, foolproof checking of integrated circuits with the complete test procedure determined by inexpensive magnetic cards is offered by the Hewlett Packard 5045A.

Cards are available for a wide variety of logic families and functions on either a "pass/fail" or diagnostic basis. No changes of performance boards, adaptors or wired jumpers on patch panels are needed. The operator merely inserts the card into the front panel.

An interesting feature is that the pin sockets of the receptacle into which the device is plugged can be made to act as a driver, receiver, clock, power supply, input or output pin. In this way many kinds of logic and memories can be tested.

Read-only memories can be tested regardless of their program. A single card containing stimulus information for the generic type is loaded and a known good ROM containing the desired pattern plugged into the test socket. The tester then learns the program and stores it.

A quiet thermal printer provides the failure information: type of failure, pins failed, voltage and current analysis and total number of devices passed/failed. More on Wokingham 784774.

Emulates a memory for easy design

APART from microcomputers, read-only memories (ROM) are now widely used in industrial controllers to carry out complex combinational and sequential logic functions.

The performance of the system depends entirely on the instruction stored within the memory, and a good deal of development effort on these systems goes into getting the pattern right.

A device called the "Romulator" introduced by "Data 1/0 Europe" "looks like" a ROM to the system under development yet provides the designer with full random access facilities so that he can enter the contents of the ROM emulator easily and quickly.

There are two units, a keyboard programmer (calculator sized) and a 1,024 byte random access memory (RAM) which terminates in a dual-in-line plug designed to fit the ROM socket on the board under test.

The keyboard enters the required instructions into the RAM and the current address and stored information are indicated on seven-segment displays.

It is possible to enter information into sequential locations or to change any single location as required. Alternatively the RAM can be programmed using any of the company's programmer.

Once the prototype system under development is functioning correctly the contents of the RAM can be transferred to a programmer to finally fix the ROM. More from 11 Duke Street, High Wycombe, Bucks (0490 22525).

COMPONENTS

Liquid crystal use grows

ALTHOUGH most currently available digital wristwatches use light emitting diodes (LED) for the display, it has long been realised that they were less than ideal. The main handicap is the power consumption—typically 1 Watt/cm²—which necessitates switching off the display when it is not required in order to conserve battery life.

It looks now as though the long awaited liquid crystal display (LCD) is set to challenge the LED in this application, with the announcement from British Brown Boveri that production levels of these devices are now running at 160,000 per month in Brown Boveri's Leuzburg factory, Switzerland. Principal customers at the moment are Switzerland itself, Japan and Western Europe in that order.

The Japanese company Casio has introduced a digital watch using a specially designed Brown Boveri LCD. The display gives the time in hours, minutes, and 10-sec. intervals; and a request button enables the month, day of the year, and day of the week to be read. The watch has a four-year cycle, and automatically allows for long and short months.

The material used is a twisted nematic type of LCD, which can provide better legibility, lower voltage and power requirements and a longer life expectancy than the dynamic scattering type.

The power requirement is less than 5 microwatts/cm², which means with all segments illuminated, the current consumption is only 0.2 micro amp at 3 volts.

In general, the liquid crystal display can provide either black digits on a bright background or white digits on a black background. Temperature range of the displays is quoted as -15 to +60 deg. C. Another advantage is that the legibility of liquid crystal digits improves as the ambient lighting level increases.

Anyone who has tried to read LEDs in very strong sunlight will appreciate this feature.

It is understood that an all U.K. assembled digital watch using a Brown Boveri liquid crystal display will be on the market very soon.

Further from the company: Albany House, High Street, Brentford. (01-863 8773).

MACHINE TOOLS

Mechanical workholder

BASIC PRINCIPLE of the Optima clamp is that the clamping force is obtained by moving a pin from an inclined position to a vertical position by turning a knob through 180 deg.—the force is transferred to the workpiece through the bolt. This mechanical workholder has been introduced by Spencer Franklin, Gunnersbury Avenue, London. W4 5QB (01-893 5382).

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Cuts tow rope in emergency

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Due to escalating costs more and more businesses are adopting an "open-plan" office environment and in doing so are exposing personnel at all levels to constant bombardment from typewriters, word processing machines, telex, teletype, computer terminals and so on. To reduce costs further, automatic typewriters and computer terminals are under constant development to increase their printing speeds and inevitably this means an increase of noise level.

Many companies have attempted to solve their own excess sound problems by isolating—in small offices or partitioning—the noisy machine from the general office. Acoustic screens have been used to some degree, and while this treatment assists to some extent, it does not cut the noise level at source.

Commercial Acoustics is making products that cater for most word processing equipment, computer terminals, line printers, accounting machines, electric typewriters and telexes. It is also experimenting with polyurethane structural foam which rates extremely high as far as acoustic properties are concerned.

Three main factors are applied to a new design: one is that the acoustic hood must not impede the access or operation of the machine to any marked degree; the effectiveness of the cabinet must be considerable; and it must be constructed in such a way that a realistic price can be put on the article.

Commercial Acoustics, Cathies Road, Baltham Hill, London, SW12 8LD (01-473 3333).

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PRINTING

Form setter works fast

IN CO-OPERATION with several printing groups in the U.S. and Canada, Disc n.v. in Ghent, Belgium, has designed a photo machine for commercial printed matter and continuous forms.

The machine permits accurate typesetting of any form, from a simple to complex and is able to handle any size up to 20 inches; even very complex matter can be set with time savings of at least 75 per cent.

This machine, given the name "Digiform", is composed of three units: a keyboard for the encoding and the checking of data, a PDP 11 computer, and a microcomputer-driven type setter.

Graphic information is encoded at a keyboard, checked, and if necessary, modified.

One of the most important aspects of the Digiform is its ability to compose texts, lines and screens in one single pre-optical system in a fully adjustable face mask. Able to give a good view in moonlight or starlight, the goggles enable the user to use his hands freely.

Individual adjustment for each eye is provided and a built-in low level infra-red source provides supplementary illumination for map reading and other short range tasks.

Power requirements are supplied by a 2.0 to 2.7 battery. The field of view is 40 degrees, and no magnification is provided. The brightness gain is about 500 times, and automatic brightness control is used. More from Electron device division, Brixham Road, Paignton, Devon (0803 550762).

Gives good night view

A SELF-contained night viewing system for general purpose use has been developed by ITC Components Group.

Taking the form of goggles weighing 30 ounces the 4907 system combines two second generation image intensifier tubes and an advanced electro-optical system in a fully adjustable face mask. Able to give a good view in moonlight or starlight, the goggles enable the user to use his hands freely.

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"Snaking" submarine telephone cable down into the cylindrical holds of cable laying ships has come to an end with the design of the fifth ship bearing the "Monarch" name. In the new technique the cable is laid up into cylindrical pans ashore and dropped direct into the hold of the ship by floating crane. Our picture shows one of the 80 tonne units being loaded: total loading time for the ship's four main tanks is now three to four hours, compared with 60 to 80 hours previously. Cable ships at the Southampton depot can thus be turned round more quickly to take account of the weather and tides to help the Post Office in the faster repair of cables at sea: more than half of the phone calls to and from the U.K. now go by cable. Speed-up has also been possible in shore handling—the pans are manoeuvred on cushions or air, like a hovercraft, by tugs which also supply the air cushion.

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DOING BUSINESS WITH GREECE

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A conference organised by the Financial Times, Bank of Greece, Olympic Airways & Investors Chronicle

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Minister of Planning and Co-ordination

Mr Nikolaos Kyriazidis
Deputy Governor, Bank of Greece

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President of the Parliamentary Committee to the EEC

The Rt Hon Roy Hattersley, MP
Minister of State for Foreign and Commonwealth Affairs

Mr J O Krag
Former Prime Minister of Denmark

Mr D Marinopoulos
President
Federation of Greek Industries

Mr P G Callimanolopoulos
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General Secretary
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President, National Tourist Organisation of Greece

Mr Minos A Zombanakis
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The fee of £187.50 (U.S. \$275.00) covers all refreshments, excursions, lunches and reception to be given by the Bank of Greece on 3 June, a dinner on 4 June and conference documentation.

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مكتبة الأمل

HOME NEWS

Tricentral plans £4½m. boost for offshore work

BY RAY DAFTER, ENERGY CORRESPONDENT

TRICENTRAL plans to raise £4½m. through a rights issue to help finance its offshore exploration and development programme. At the same time, it is selling its interests in two North Sea blocks in order to concentrate on developing its share of the major Thistle field.

The British-based group said yesterday that it would sell its 10 per cent stake in blocks 15/23 and 204/25 to the German Deminor group and the U.S. chemical company, Monsanto. The total sum involved is \$2.5m. (£1.37m.). Both Deminor and Monsanto already have a one-third stake in the concessions.

The deal, which is subject to contract and Government approval, is designed more to save Tricentral expenditure than to raise cash.

Concentrating

Mr. Lucius Thompson-McCausland, the group's chairman, said that the commercial prospects of the two blocks were "by no means poor". However, they did not appear to justify the considerable development costs which would have to be financed in addition to those of the Thistle field.

So Tricentral is concentrating its offshore effort on Thistle while preparing to take part in the next round of exploration licences, expected to be announced this summer.

The group reported a drop in pre-tax profit from £1.01m. to £587,000 last year on an increased turnover of £58.1m. (£48.3m.).

The company recently gained a Government guarantee to raise up to £50m. through bank loans for the Thistle development. It is understood that on current cost expectations Tricentral does not anticipate having to borrow



Mr. Joseph Godber, Chairman of Tricentral.

more than £45m.; the remainder is a contingency arrangement. Initial production from Thistle, in which Tricentral has a 31 per cent stake, is due by July 1977. The chairman, in his annual report, says that the cash flow should enable all of the development finance to be paid off in 1979.

The whole of the cash flow in the first two or three years would be channelled into the repayment of loans. However, it was anticipated that revenue from the field would continue until 1983 or perhaps later if other oil accumulations adjacent to the field prove to be a commercial prospect.

Tricentral, which has net assets of just over £20m., said that a number of hazards must be

faced before Thistle comes on stream. The project could be hit by delays, financing problems or a sudden fall in oil prices.

On the other hand, the group was making contingency arrangements should there be a delay in the development of the major Sullom Voe storage and transit terminal in the Shetlands.

Mr. Thompson-McCausland said that the single point mooring (SPM) system, which was being installed to handle initial flows from Thistle, might be kept in use "indefinitely" or could be reactivated should there be any problems with the terminal.

The statement is the first to be made by an oil company suggesting that alternative arrangements might be taken to by-pass the terminal.

Needed

The oil industry is concerned that its disagreement with the local Shetland authority over storage facilities could result in a significant delay to the operation of the terminal. This, in turn, could hit production from fields connected by the so-called Brent pipeline system to Sullom Voe.

Tricentral maintains that the back-up SPM system is needed to guarantee early production and cash flow from Thistle.

It was also announced yesterday that Mr. Joseph Godber, Conservative MP for Grantham and the former Minister of Labour and Minister of Agriculture, was to become chairman of Tricentral from the annual meeting on June 18 when Mr. Thompson-McCausland retired.

Mr. Godber, who is also chairman of Shell UK and a director of Booker, McConnell, joined the Tricentral Board in a non-executive capacity in June last year.

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The Queen welcomes President Ernesto Geisel at Victoria Station, London, at the start of the Brazilian leader's four-day State visit to Britain. Behind them are the Duke of Edinburgh and Senhora Geisel.

Last night the Queen entertained President and Senhora Geisel at a banquet at Buckingham Palace. Between his arrival and the dinner the President had carried out the traditional duty of a visiting Head of State—laying a wreath on the tomb of the unknown warrior in Westminster Abbey.

NEWS ANALYSIS—BANKRUPTCIES

Cutting the red tape

BY A. H. HERMANN

THE AUTOMATIC discharge of bankrupts—introduced into the Insolvency Bill by a Government amendment yesterday—is a further step towards reducing the workload and cost of the insolvency service, one of the principal aims of the Bill right from the beginning.

There are probably 80,000 to 100,000 bankrupts who have never applied for discharge and the Bill, if it becomes law, would release them from all but a few privileged debts and restore them to full civil status.

Undischarged bankrupts must not contract new credits or become company directors, and their creditors have the first claim on their estate when they die.

The Insolvency Bill, in its original form, introduced an automatic review of the adjudication of bankruptcy after five years, making the review, and thus the discharge, independent of application by the bankrupt who may be shy of further publicity or merely negligent.

Automatic review meant more work for the insolvency service and the courts and in view of the demands made already would result in a pile-up of pending review cases unless the procedure was reduced to a formality.

Automatic

The amendment rationalises this situation by providing a possibility for automatic discharge—leaving to creditors to make representations against it if they think it worth while.

The amendment, which was not reached by the committee considering the Bill yesterday, would clear the decks of the Insolvency Office in one broad sweep: all bankruptcy cases which are ten years old when the Bill comes into effect would be discharged automatically.

Cases between five and ten years old would be discharged automatically on the tenth anniversary of the adjudication. Cases which are less than five years old when the Bill becomes law will be reviewed on the

basis of a report by the Official Receiver for the purpose of discharge.

The fate of all new cases will be pre-arranged at the time of the public examination, when it will be decided whether there should be an automatic discharge or review after five years.

If the court orders automatic discharge, it would still have the power to revise this decision and substitute an order for review, also after five years if it appeared desirable because of new evidence produced by the Official Receiver.

The Insolvency Bill is intended to modernise and simplify existing bankruptcy proceedings by eliminating some of the trivial cases which now account for 40 per cent of all bankruptcies.

The number of these small domestic and consumer credit cases will be greatly reduced by raising the minimum debt entitling a creditor to a bankruptcy petition from £50 to £200—although it is questionable whether this is high enough, in view of inflation. The Secretary of Trade will have power to make further increases by regulation.

By strengthening the role of the county courts, the Bill takes the first modest step towards an integration of the entire machinery of debt enforcement. It is hoped that the simplification of insolvency proceedings will avoid an increase of public expenditure by about £3m. a year and cut it by £750,000 below the present level.

Some leading experts in the field—both official and academic—re-assert that the Bill is not concerned with the fundamental problem of relations between the privileged and secured creditors, who usually get all that can be taken from the insolvent individual or company, and the ordinary creditors who are usually left empty-handed.

In practice, this means that the revenue and banks take whatever there is and the suppliers and sub-contractors of the sinking enterprise suffer losses which they cannot always bear.

In this way the insolvency can have a "domino" effect which, it is argued, is a matter of public concern and could be avoided if the banks and the Inland Revenue were made to bear their share of the loss.

It is further argued that faced with such a prospect, banks might exercise a more strict control over credit which they grant to customers in difficulties, and would not allow them to continue trading and to endanger even more their suppliers and sub-contractors.

However, it is understood that these matters were left out of the scope of the Bill mainly because of the opposition of the Inland Revenue.

More port facilities for BRS

By Kevin Done, Industrial Staff

BRITISH ROAD SERVICES is to invest an initial £500,000 in expanding its freight facilities at Fleetwood to cope with the rapid growth of the rail-on-rail-trailer service to Dublin.

It gained the £3m. contract last year to handle all the U.K. haulage of the Irish state-owned shipping line, B and I. The service is expected to carry 10,000 trailers this year on a door-to-door basis.

The Fleetwood development includes offices, maintenance fueling services and large parking areas. Such has been the success of the Fleetwood-Dublin service that B and I is examining ways of expanding its roll-on/roll-off freight services across the Irish Sea in order to increase capacity.

U.K. man-made fibre production recovery continued in March

BY RHYS DAVID, TEXTILES CORRESPONDENT

MAN-MADE fibre production in the U.K. continued its slow recovery in March and for the first quarter of this year it stands 6.2 per cent up on the previous three months.

Figures from the British Man-Made Fibres Federation show that total production in the first quarter came to 159,780 tonnes, compared with 150,430 tonnes in October-December 1975. There was a low of 123,550 tonnes in the same quarter in 1974 when the recession was at its worst for the trade.

The industry still has some way to go before it catches up on the peak output of more than 180,000 tonnes recorded in two quarters of 1973.

The recovery in the first quarter of this year has come almost entirely in staple fibre, used in the Lancashire and Yorkshire weaving trades and in carpets.

Staple fibre output rose by about 8,000 tonnes to 59,000 tonnes while production of filament yarn—used, for example, in double jersey and women's wear fabrics—remained much the same at 69,990 tonnes.

Some of the increase in output reflects the re-opening in mid-January of Courtauld Green-

field plant in Gwyd, North Wales, which was closed for ten weeks because of lack of demand for rayon staple.

Resumption of production at the plant was largely responsible for an increase in output of cellulose staple from 31,441 tonnes in the last quarter of 1975 to 37,644 tonnes.

This total is likely to fall when the figures for the second quarter become available after a decision by Courtauld to close down half the capacity at the plant from the end of this month.

With rayon, one of the original man-made fibres, coming under attack from newer fibres, and in particular polyester, a number of producers around the world have withdrawn from manufacture or curtailed production.

Enka (Glasgow), a fibre arm of the Dutch chemical group Akzo, announced last week that it would stop rayon filament production at Arnhem, Holland, in July as part of its programme to eliminate loss-making operations.

MAN-MADE FIBRES PRODUCTION—TONNES

Quarters	Continuous Filament Yarn	Staple Fibre	Total
1972 1st	59,590	84,150	145,740
2nd	45,840	94,050	141,890
3rd	43,720	84,710	149,430
4th	75,450	93,430	169,080
1973 1st	78,090	105,380	183,470
2nd	79,370	104,750	184,120
3rd	70,590	100,770	171,360
4th	77,500	87,290	164,790
1974 1st	49,540	104,090	153,630
2nd	71,690	103,440	175,130
3rd	67,140	82,740	149,880
4th	62,250	64,300	126,550
1975 1st	54,400	72,720	127,120
2nd	61,870	84,900	146,770
3rd	58,470	75,470	133,940
4th	69,740	89,690	159,430
1976 1st	69,990	89,800	159,790

GKN caution on stricter accountancy standard

BY MARGARET REID

CAUTION about the succession of stricter standards of accountancy practice being recommended by the profession is expressed by Guest Keen and Nettlefolds, the big engineering group, in its annual report.

The complexity of some of the new information being called for by the Accounting Standards Committee of the profession is the main ground for the disquiet felt by GKN on some aspects.

Mr. Paddy Curtis, the group's finance director, said yesterday that GKN's reservations on the matter were shared by other companies, large and small.

The group's annual report says: "For a group such as GKN, made up of a large number of manufacturing activities operating in many countries, there is a danger that the complexity of information required will serve to confuse rather than to enlighten."

Mr. Curtis cited the requirement to show deferred taxation liability (£25m.) on profit on the sale of a subsidiary as an example of the complexity of the new information.

"If we were to sell—and we might—the liability into effect, we would be 20 per cent of business."

going with this accountancy exercise. Mr. Curtis also mentioned an example concerning Barclays Bank where auditors mentioned in their report that the bank's policy was to write off goodwill on acquisitions directly to reserve at the time of acquisition. The auditors noted that the alternative of writing off goodwill to profit and loss account "would not represent the best accounting practice in arriving at the profit for the year."

Contrary practice

They said that the charge to reserve was "contrary to standard accounting practice". Mr. Curtis, who mentioned the question of treatment of extraordinary items, said that representations had been made to the Accounting Standards Committee. Some had been heeded, some had not.

"I think they [the committee] ought to listen more to representations from industry and ought not to be so specific in what they lay down. Other large concerns would have comments on the matter."

See also Page 22

Slightly more house starts likely

By Michael Cassell, Building Correspondent

PRIVATE HOUSE builders still expect nothing more than a modest improvement in output this year over the level achieved last year.

According to a periodic survey conducted by the Department of the Environment, builders expect housing starts in the private sector to reach about 160,000 this year, compared to the 148,000 recorded in the previous 12 months.

It indicates no change in views about the housing outlook since the last review in November. The number of private homes ready for occupation this year also seems likely to be about 160,000, against 150,000 last year.

The rise of starts in the private sector has picked up quite well in the first three months of this year. Starts in January stood at 10,500, but by March had risen to 15,300, the highest monthly rate achieved for more than two years.

The stock of completed but unsold private homes has apparently continued to decline in recent months, releasing tied up capital for contractors and encouraging them to start new schemes.

The outlook for the availability of building society finance also looks safe for the foreseeable future and has clearly had a significant bearing on decisions to step up output.

The Department said yesterday that builders and property developers had an estimated 23,000 completed or virtually completed, unsold homes on their hands at the end of February. At the end of last October the stock amounted to 28,000 and stood at 37,000 in February last year.

A fairly stable pattern of output is expected this year, with starts likely to end up at about last year's figure of 178,000 and completions totalling 160,000.

Platform industry fears

PLATFORM building companies would take a similar period to have expressed acute disquiet to the Scottish Council of the CBI. If there are no platform orders soon for the North Sea oil industry, the country could suffer a serious technological backslide which could be a setback to the industry and the Scottish economy.

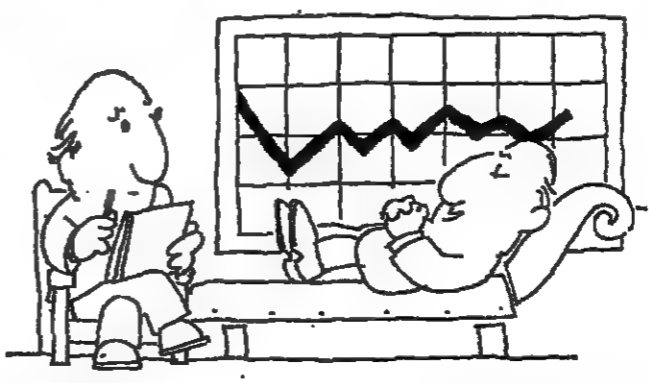
The CBI said in Glasgow yesterday after a meeting with the oil steering group and the joint standing committee of the Scottish Economic Council.

The Offshore Supplies Office in Glasgow said the last order was placed at the end of 1974 and it took 18 months to build a steel platform jacket and 20-24 months to build a major concrete platform, a whole generation had passed without an order and firms were now thinking about laying off men.

Fluoride move

BRISTOL WATERWORKS Company has decided to accept the recommendation of the Area Health Authority to fluoridate its water supplies where practicable.

We can analyse your risk problem. And advise a sensible solution



Business is always a risky business. In one way or another. Against some risks—fluctuating commodity prices or poor industrial relations for instance—you can only protect yourself by good management.

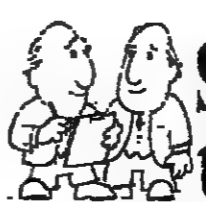
But good management also means taking a hard look at the physical risks which can make a hole in your profits—fire, explosion, theft, accident and damage to plant—risks which can be reduced very substantially. Providing you get expert advice.

And that is exactly what Sun Alliance are equipped to provide—entirely free if we insure the risk, at a moderate cost if we don't. Through our Risk Improvement Service.

It's a nationwide service with a team of 150 specialist surveyors, all experts in a variety of technical fields. And all ready to analyse the risks you are taking in your business, and to advise you on the best way to reduce them.

To take a few examples. Our experts can advise you how to improve security arrangements against break-in and theft; how best to contain any fire outbreak; how to protect equipment from damage and employees from accidents; how to improve the safety record of your motor vehicle fleet and how to meet your responsibilities under the Health and Safety At Work Act.

Your risks will be reduced if you accept our advice. Which means you'll be buying only the insurance you need.



Sun Alliance the risk reducers

Contact your broker or complete the coupon for further information.

SUN ALLIANCE & LONDON INSURANCE GROUP

TO: Adrian Howard-Blood, Risk Improvement Department, Sun Alliance & London Insurance Group, Bartholomew Lane, London EC2N 2AB.

Please send me more details of your Risk Improvement Service:

Name _____

Company _____

Address _____

Postcode _____

COMPANY NOTICES

ANGLO AMERICAN CORPORATION GROUP
ORANGE FREE STATE GOLD MINING COMPANIES
DECLARATION OF DIVIDENDS

Pursuant to the dividend notice advertised in the Press on the 12th March, 1976 the conversion rate applicable to payments in United Kingdom currency in respect of the undermentioned dividends to shareholders registered on the 26th March, 1976 is £1 = R1.584103.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

Details of the dividends concerned are as follows—

Name of company (each of which is incorporated in the Republic of South Africa)	Dividend No.	Dividend marked "South Africa" No.	South African currency per share/unit of stock	U.K. currency equivalent
Free State Gold Mines Ltd.	38	39	120 cents	75.75264p
President Brand Gold Mining Company Ltd.	42	44	105 cents	66.28356p
President Steyn Gold Mining Company Ltd.	42	43	40 cents	25.35088p
Welkom Gold Mining Company Ltd.	38	—	12.5 cents	7.89090p
Western Holdings Ltd.	42	—	185 cents	116.78532p

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. Fawcett

London Office:
40, Hubbard Street,
EC1P 1AJ.

Office of the United Kingdom transfer secretaries
Charters Consolidated Limited,
P.O. Box 102,
Chatter House,
Park Street,
Aldford, Kent,
TN24 8ED.
4th May, 1976

EDGAR ALLEN, BALFOUR LIMITED

Notice is hereby given that the Register of Holders of the 7% Debenture Stock 1975/80 of Edgar Allen Balfour Limited will be closed from 27th to 31st May, 1976, inclusive, for the purpose of ascertaining the persons entitled to the half-yearly dividend of 7% on the debenture stock for the year ending 31st May, 1976.

By Order of the Board
C. R. WOODS, Group Secretary,
Sheffield 59 1PA.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Book of the 4% Debenture Stock 1975/80 of Imperial Group Limited will be closed from 27th to 31st May, 1976, inclusive, for the purpose of ascertaining the persons entitled to the half-yearly dividend of 4% on the debenture stock for the year ending 31st May, 1976.

By Order of the Board
P. M. DAVIES, Secretary,
London 810 May, 1976

THE ROYAL BANK OF SCOTLAND

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HOME NEWS

Steel surcharge
may go as scrap
prices steady

BY ROY HODSON

THE price of scrap is stabilising rapidly. The British Steel Corporation may not have to impose its proposed 10 per cent surcharge on steel prices this summer to take account of rising scrap prices, Mr. Douglas Freeman, president of the British Scrap Federation, said yesterday in London.

The longer-term view within the industry, however, is that as production in manufacturing industry picks up there will not be enough good quality scrap available to meet all requirements and that scrap prices will rise and the steel industry will have to depend increasingly upon imports.

Mr. Freeman, joint managing director of the George Cohen Sunderland Company, a member of the BSC Group, claimed yesterday that the British scrap market was tending to stabilise. It was even possible that U.K. scrap prices for the lower grades could fall slightly during the coming months, he added.

Scrap prices in Britain have risen by about 25 per cent this year.

New steel pontoons
may save millions

BY RAY DAFER, ENERGY CORRESPONDENT

A BRITISH scheme for cutting the cost of major marine installations, such as oil storage and production platforms, has won an engineering award at the Offshore Technology Conference, Houston, Texas.

The scheme, entered by David Mappin (Offshore) Management, incorporates a development in ocean engineering construction which does away with the need for special dry docks or basins.

It is claimed that the idea—known as the Seven Seas Construction System—could save millions of pounds on the cost of major structures. It would also avoid conflict with environmental interests.

Developed by Roxburgh Dinardo and Partners in conjunction with the National Engineering Laboratory of East Kilbride, the system involves the construction of relatively small buoyant steel pontoons which can be joined together into com-

Towed overseas

The project is a spin-off from experience gained through Britain's North Sea oil and gas development programme. It is envisaged that the structures could be built in Britain and towed overseas.

The system was developed for construction initially at the Ardyne site of Sir Robert McAlpine and Sons. Major support has been provided by Varrow Admiralty Research and Development.

Companies said to be considering the scheme include British Petroleum, Shell, Union Oil, Totechem and Amoco.

McAlpine seeks new work
to save platform yard

BY RAY PERMAN

SIR ROBERT McALPINE and Sons is looking for work outside platform building to prevent the closure of its yard at Ardyne Point, Argyll.

The first of three concrete platforms to be completed at Ardyne, the 200,000-ton gas treatment platform for the Frigg Field, was named yesterday in a small ceremony at another platform being ordered before redundancy became inevitable early in 1977.

McAlpine's has lost money on the Ardyne platform, which has been delayed by a year because of labour and other problems. The two remaining larger structures, ordered by Shell-Eso for the Brent 'C' and Cormorant Fields, will also be at least 12 months late.

Mr. William McAlpine, director for Scotland, said that the workforce of 3,000 would have to be run down over the next year unless new work was found. Design talks were continuing with Shell, but there was only a small chance of another platform being ordered before redundancy became inevitable early in 1977.

The company, in partnership with a U.S. offshore concrete engineering group, is conducting a feasibility study for concrete barges to transport a new chemical plant from the U.K. to a customer in the Middle East. The order, it is secured, will occupy only one of the three basins at Ardyne Point.

The move is part of a redeployment of troops in Ulster, but Mr. Rees said it would not mean a drop in the number of soldiers in South Armagh.

The strength will be made up by troops from parts of Belfast where some security duties in the west of the city are being handed over to the Royal Ulster Constabulary and the military police.

Troops in the east of the city are also being withdrawn and are expected to move into the border county.

Mr. Rees's statement is the first detailed answer he has given after a week of speculation about changes in security duties.

The withdrawal of the battalion means that a number of soldiers serving in Ulster is now 14,200.

Meanwhile the Army said yesterday that the number of bombings in Ulster each month had risen to 120, twice last year's monthly average. More than 8,000 lbs of explosives is estimated to have gone off this year and another 5,000 lbs made safe by Army experts.

Production of both cars and commercial vehicles was higher in the three months February-April than in the preceding three months—19 per cent for cars and 7 per cent for commercial vehicles.

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British Members elected to the European Assembly should have the right to sit and speak—but not vote—in the Commons, Mr. Edward Heath, the former Prime Minister, said in London yesterday.

He told a conference on Direct Elections to the European Parliament organised by the European League for Economic Co-operation that it was important that the connection between the European and the Westminster Parliaments should be maintained.

It was not a satisfactory answer to say that those who went to the European Assembly should sit in the House of Lords under some arrangement. "They should sit in the Commons and hear the view of the Commons

and have an understanding of Westminster views."

There were many people in this country who were not attracted by Parliamentary dogfights at Westminster, but who would be eager to play a part in a European Assembly.

Mr. Roy Jenkins—who is thought at Westminster to be on the point of resigning the Home Secretaryship and British politics for the European Commission—was the speaker after the lunch (above). Mr. Graham Dowson, until last autumn chief executive of the Rank Organisation and now chairman of the British section of the European League, is seen between Mr. Jenkins and Mr. Heath.

Tax changes helped boost drink
and tobacco trade profits

BY DONALD MACLEAN

PROFIT has been made by distributors of tobacco products and of alcoholic drinks as a result of movements in indirect taxes, the Price Commission says in twin reports.

The Commission recommends that the present system of duty deduction against which control over prices and profits is exercised should be replaced by a "flat rate deduction" from turnover.

On drinks, it is said that there is one aspect of the duty deduction system on which there is a "very specific" recommendation: "The present requirement that the actual amount of the duty should be deducted in arriving at the (Price) Code is impracticable and unworkable."

The proof of the idea that "some profit has in fact been taken on the 1974 and 1975 Budget increases," it is said in the tobacco document, lies in companies' net profits on total sales, which over three years show "relatively little" change

and "indeed, in some cases, an increase." "When compared with a general background in which distributors' profits have fallen heavily, the tobacco trade has been doing well."

In the alcoholic drinks' report, it is said that given a sample that is not necessarily representative, it is suggested by the work done that a "steady portion" of traders have succeeded in taking some profit on duty increases, and that while they do not seem to have "suffered any worse, and indeed may have done better, than distributors generally."

Indications are given in the report that there is a lack of understanding of the price code provisions among some wholesalers and distributors.

In putting forward the idea that there should be flat-rate deductions from turnover in respect of the Price Code's working for the alcoholic drinks and tobacco distributive trades, it is suggested that there should be a 25 per cent rate of deduction for tobacco wholesalers and 20 per cent for tobacco retailers, while for alcoholic drinks there should be a 20 per cent reduction on total sales.

LABOUR NEWS

Spirits price war looms

Challenge to Government on public spending cuts

BY CHRISTIAN TYLER, LABOUR STAFF

A CIVIL SERVICE union leader challenged the Government yesterday to tell the public what social services and legislative reforms would suffer because of the public expenditure squeeze and cuts in Civil Service manpower.

Mr. Ken Thomas, general secretary of the Civil Service and Public Services Association, went on to warn at the union's annual conference here: "We will fight arbitrary cuts unrelated to work load, by industrial action if necessary."

His challenge and warning came the day after Sir Douglas Allen, head of the home Civil Service, told a Commons committee that the Government must shed 35,000 civil servants to meet its public expenditure White Paper target of a £140m. saving in the service by 1979-78.

CPSA leaders - later gave examples of the effect of staff cuts in Whitehall, where Departmental services have drawn up lists of reforms and projects that would disappear if manpower were cut by 5, 10 or 15 per cent.

Closed shop alert

They said operation of the Employment Protection Act might suffer if the staff of the Advisory Conciliation and Arbitration Service—already under great pressure of work—was reduced. Smuggling could increase for lack of Customs officers, vehicle licensing might have to be dropped and the revenue collected through a higher tax on petrol, care of old age pensioners might be restricted and safety research by

No 'arbitrary cuts' in Civil Service

BY OUR LABOUR STAFF

THE GOVERNMENT is hoping to avoid compulsory redundancies in its attempt to reduce Civil Service staffing by an estimated 35,000, said Lord Shepherd, Lord Privy Seal and the Minister responsible for the Civil Service, yesterday.

He told delegates at the Institution of Professional Civil Servants annual conference in Eastbourne that the Government did not intend to "single out any particular part of the Civil Service" to bear the brunt of the £140m. planned cut-back in expenditure.

"We are quite clear that although there is always scope for greater efficiency, economies as big as this cannot be achieved simply by arbitrary cuts in numbers."

Ministers were carefully examining the whole range of Government policies to identify those which could be abandoned or postponed.

The cutbacks were made necessary by the rapid growth in the service in the past two years. Between March 1974 and 1976 the Civil Service increased its manning levels by some 48,000—or 7 per cent.

"I do not believe we can

Farm workers seek £60

By Our Labour Staff

DELEGATES at the farm workers' biennial conference yesterday set their sights on a £60 a week minimum wage, an increase of £23.50 on the present basic minimum, but at the same time pledged their support for a new round of pay restraint in the coming year.

Almost unanimous support was given at the Malvern conference of the National Union of Agricultural and Allied Workers for a call to raise their longer term minimum wage target from the £40 set two years ago to £60.

After the debate, Mr. Reece Bottini, the union's general secretary, said the £60 claim could be lodged in October. It was "reasonable" to aim for a £50 figure over a two-year period for a group of workers whose average earnings were about £17 below those of their industrial counterparts.

In an emergency debate on the current TUC Government pay negotiations, there were speeches in favour of the continuance of a flat rate principle which, it was said, would bring most benefit to agricultural workers. The £6 increase awarded to farm workers last year was the highest in the union's history.

U.K. unemployment percentage level sixth of 11 countries

BY DAVID CHURCHILL, LABOUR STAFF

AN INTERNATIONAL league of unemployment by industry, table of unemployment levels in occupation, age and length of 11 countries puts the U.K. in sixth place in percentage terms but second in the number out of work.

The table is published today in the Department of Employment Gazette. This is the first time international unemployment comparisons have been officially given by the department.

Although the figures are hedged with qualifications over different statistical sources, they indicate that Belgium, Denmark, Ireland, Canada and the U.S. all have substantially more people out of work as a percentage of the total working population.

The 5.5 per cent. level of unemployment in the U.K. is only slightly ahead of France, West Germany and Holland.

But with 1.2m. in numbers unemployed the U.K. is second only to the U.S. with 7.1m.

Apart from the new international comparisons, the Department of Employment has also for the first time produced statistics which include analyses

Ousted president tops executive poll

THE former Right-wing President of the Civil and Public Services Association, Mrs. Kate Losinska, ousted from the post on Monday, yesterday topped the poll in elections for the union's 26-member national executive.

Union officials said this was not unusual for a defeated presidential candidate.

The Left-wing majority of 18 to 10 on the executive was

slightly narrowed by the poll to 14-12.

At least two International Socialists won a seat for the first time as well as several Right-wingers named in the controversial list of "moderates" circulated by Conservative Central Office.

The swing to the Right, although forecast by Mrs. Losinska, was something of a surprise for the Left which had hoped to consolidate gains in past years.

Union urges new negotiating forum at company level

BY IAN HARGREAVES, LABOUR STAFF

THE NEXT step in private industry's progress towards greater industrial democracy should be the creation of a negotiating forum to operate at company level, the Electrical and Plumbing Trades Union says today in its evidence to the Bullock Committee.

The 414,000-member union, which has already lined itself up with other power supply unions in opposition to the scheme for 50-50 supervisory Boards favoured by the TUC General Council, says this arrangement would ensure "legitimate, voluntary bargaining at company level."

The union argues: "Future developments in product planning, organisation of work (especially in multi-plant companies), the key statistical indicators on which company policy is based, must all be subjects for negotiation at company level."

On top of the provisions for disclosure of information to unions under the Employment Protection Act, the EPTU envisages further legislation to compel directors to discuss such matters as the location of new plant, redeployment, mergers,

redundancies or changes in product line with their employees. If companies refuse to negotiate, the matter should be capable of reference to arbitration.

The union argues that an extension of collective bargaining is preferable to a system of worker-directors on the grounds that its structure is familiar and that it would not compromise the loyalties of workers elected to Boards.

In a long and detailed onslaught on the TUC-favoured scheme, the union raises the spectre of "company unionism," fostered by an elitist band of worker-directors whose true accountability to wider visions of trade unionism will be lost in the minutiae of company affairs.

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Welcome for NUM plan on democracy

By Our Labour Staff

INDUSTRIAL DEMOCRACY proposals put forward recently by the National Union of Mineworkers have been welcomed by Mr. Anthony Wedgwood Benn, the Energy Secretary, as "a significant contribution to the general debate on the subject."

In a written reply to a Parliamentary question, Mr. Benn disclosed he has had informal discussions on the proposals which would be considered further at tripartite talks between the Government, the NUM and the National Coal Board.

The NUM, which rejected Mr. Benn's initial encouragement to seek worker directors, has proposed that the colliery consultative committees be replaced by 12-man management teams comprised of miners or NUM officials elected by secret ballot.

It is proposed that these committees would run the pits on a day-to-day basis and be responsible for planning output, production methods and machinery needs as well as manpower and investment.

Mr. Joe Gormley, NUM president, said the committees would also cover annual budgeting and deal with the NCB area and the NCB itself and "appoint colliery managers and other experts."

Rubery Owen talks progress

By Our Labour Correspondent

A FURTHER day of talks aimed at settling the strike by Rubery Owen welders at Darlington, West Midlands, made progress yesterday, as a new formula could be put before the strikers today or tomorrow.

The improved peace prospects did not come in time, however, to prevent the number of British Leyland workers laid off because of the dispute rising to 4,500. Another 1,000 men were sent home at the Coventry Jaguar factory—taking the total there to 3,000—while 800 were laid off at the nearby Radford engine works and 900 at the Castle Bromwich body plant.

Rail union chief visits China

By Our Labour Staff

THE general secretary of the National Union of Railwaymen, Mr. Sidney Weighell, left yesterday with a delegation for China. He has been invited by the Chinese government to study the railway system and meet trade unionists.

He is accompanied by Mr. David Bowman, union president, and Mr. Bob Kettle, executive member. A Chinese delegation will be invited to Britain and the union hopes this may result in export orders for railway equipment.

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FINANCIAL TIMES REPORT

Wednesday May 5 1976

The Fishing Industry

Britain's fishermen have long felt themselves to be the poor relations among the country's food producers, and current news from Brussels does little to cheer them up. The cod war with Iceland is only one of numerous problems facing the industry.

THE PUBLICITY given to the Iceland cod "war" in recent months has tended to overshadow the other major problems confronting the U.K. fishing industry, many of which could turn out to be more serious, both in the short and the long term.

The most pressing of these is non-profitability resulting from rising costs and low quayside prices, but subsidiary problems like growing imports of cheap white fish, a continuing overall decline in consumption and growing pressure on sustainable fish-stocks are also giving cause for serious concern. In the longer term the adoption of a general regime of 200-mile limits—complicated in Britain's case by the operation of the EEC's Common Fisheries Policy—could be another blow for U.K. fishing.

The problem of non-profitability was highlighted recently in a report by independent accountancy consultants, commissioned by the British Trawlers' Federation (BTF), which predicted a £5.5m. negative cash flow for the industry in the year to next September. This figure included an expected £1.5m. operating loss and £4m. for capital repayments and interest charges, but excluded depreciation, estimated at a further £7m.

An earlier report, published by the Hull Fishing Vessel Owners' Association, estimated that the whole British fishing fleet was losing an average of £80 per vessel for every day at sea. This compares with a

figure of £270 a day regarded as minimum profit to finance replacement of a distant water wet fish trawler. Even in the freezer trawler class—the most modern and efficient section of the fleet—the average sea/day profit is calculated at only £70 before depreciation and interest charges.

Clearly the rise in costs is a major factor contributing to this situation—and the main culprit in this area is oil. Associated Fisheries, which through its subsidiary British United Trawlers, controls the biggest fishing fleet in Europe, revealed in March that its fuel bill had soared from £1.5m. in 1973-74 to over £5m. last year. But oil has not been the only cost to rise. Labour, gear, training, harbour facilities, administrative costs, etc., have all risen inexorably, burdening the industry still further. These problems have been aggravated by depressed quayside prices and poor landings.

Demand

Poor demand is one obvious reason for this state of affairs, but the BTF claims that the main reason is the increase in imports of cheap frozen cod fillets, which increased last year by 35 per cent. from 24,300 tons to 32,940 tons, while the average price per cwt dropped from £3.56 in 1974 to £3.37. Fishermen have been particularly incensed at the import of a claimed 3,000 tons of "cut price" fish from Iceland. This compares with a

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A sea of troubles

By Richard Mooney

giving it away," commented Mr. Austen Laing, BTF director-general.

The industry's proposed answers to these problems are quite straightforward—Government financial aid, import controls and a rise in EEC official withdrawal prices.

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Where do we go from here?

"The existence of the Common Fisheries Policy in its present form... limits our ability to switch the weight of our fishing from distant waters to inshore waters and at the same time creates the danger that the weight of fishing effort off our coasts will be increased and will threaten fish stocks which are already hard-pressed."

"Secondly, it adds to uncertainty. Until the Common Fisheries Policy has been considered by the Community, and the necessary changes made, our industry is unable to take the necessary business decisions to build the industry for the future."

Mr. E. S. Bishop, Minister of State for Agriculture, Fisheries and Food.
Office of Community Affairs, Report,
Fishing Industry Report, April 1976.

There are 23,000 fishermen in this country.
Another 100,000 people earn their living from fish.

They don't know what the future holds.
They even wonder if they have a future at all.

The British like fish. And British vessels
landed a million tons of fish last year.

With 200 mile limits, our fishing wealth will be
more than the rest of the Common Market
countries put together.

If we get a fair deal, the British fishing industry
could more than double its catch.

This vital food supply must be safeguarded
for Britain.

So must the livelihoods of the men
who catch it.

This space is donated in the interests of the British fishing industry by Associated Fisheries Ltd.



THE FISHING INDUSTRY II

The farming pioneers

FISH FARMING has come a long way in Britain since the times of the well-stocked fish ponds nurtured by the monks before the dissolution of the monasteries.

To-day there are 300 to 400 fish farmers in the U.K., producing in the region of 2,000 tons of fish a year. For consumers used to buying a pound or so of fish at a time this sounds a great deal of fish, but without belittling the industry's achievement in any way it is only a fraction of present consumption and a fraction of the potential.

Realising that potential is the aim of the relatively small group of people who make up the ranks of Britain's fish farmers, but they are the first to admit the difficulties that lie in their path.

In many ways the full-time fish farmer in this country is still a pioneer. Although a lot of valuable research has been undertaken, particularly by the Ministry of Agriculture's large companies as well as many fisheries laboratories and those individuals have been attracted to the White Fish Authority, by the enormous potential to which remains to be done in fish farming and development research and development problems facing the practical fish farmer.

Lake any intensive livestock enterprise the economics of fish farming are finely balanced. To be profitable the fish farm has to enjoy a high standard of management as losses through disease and pollution can be high. Feed costs, present the biggest single factor in the overall costs of the enterprise, and bad feed management can reduce or wipe out the profits.

Abundant supplies of clean water are also essential, particularly in the early life of the fish. Thus the number of sites where supplies are available, or are cheap enough to be considered, is limited even in the British Isles which, in a normal year, have areas of abundant rainfall. The amount of water required, however, can be staggering. Rainbow trout, for instance, are estimated to need no less than 30,000 gallons of fresh water for each pound of fish produced.

Nevertheless several very fine individuals have been attracted to the White Fish Authority, by the enormous potential to which remains to be done in fish farming and development research and development problems facing the practical fish farmer.

several other varieties of fish in both experimental and commercial quantities.

In little more than ten years the home fish farming industry has increased its output from around 100 tons to close on 2,000 tons a year. Some observers have mentioned fish farming as the next food producing revolution in Britain following the vast increases in milk, red meat, cereals and, in particular, poultry meat that have been witnessed during the past two or three decades. With the much publicised claim that it takes only 1½ lbs of feed to produce 1 lb of rainbow trout compared with 2.1 lbs to produce a pound of poultry meat, the comparison between fish farming and broiler production is inevitable—but a lot of water will have to flow through the fish ponds before fish farmers can produce the 650,000 tons of meat that the poultry industry boasts each year.

Grant

There are other similarities between the fish and intensive poultry farming industries. Neither receive the agricultural grant aid that is a feature of other forms of livestock produc-

tion. Although there are some producers in both industries who prefer to soldier on without any special Government assistance Britain's fish farmers are indignant that they are unaided while their overseas competitors get State assistance.

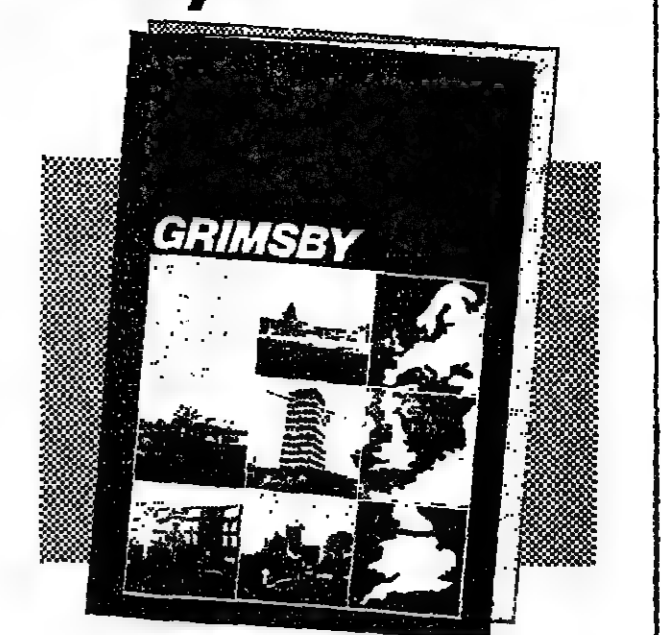
Fish farmers also resent the fact that their premises are not treated in the same way as farm buildings such as cowsheds which are de-rated. They are breeding, rearing and marketing livestock, so why should their buildings not qualify for agricultural de-rating they argue, not without cause. For some time they have had equally valid grounds about the way they were considered as being between two worlds. They were not considered as farmers, nor as fishermen—a state the Duke of Edinburgh described as "lacking the advantages of either and suffering the disadvantages of both."

In addition fish farmers are beset by some extraordinary legal anomalies. Those employing marine culture techniques, in which fish are kept suspended in cages in the sea, cannot legally claim that the fish they have expensively produced and reared belong to them.

But there are signs that the farming and aquaculture as it did for agriculture, horticulture and fisheries. The Government has now established itself publicly as part of the farming industry by joining the National Farmers' Union. The move last year was summed up delightfully by Mr. Charles Jarvis, chairman of the British Farm Produce Council, in an article for Country Life. "The principal reason why fish farmers sought the warm wing and sharp claw of the NFU is that the require a powerful lobby to persuade the Government and its Ministry of Agriculture to take them seriously. To be fair, the Ministry has financed considerable research into the technical aspects, but what the fish farmers want is a Fish Farming Act which recognises their efforts to build a new industry and gives legal help and protection in a variety of ways."

Last spring the industry's achievements, ambitions and problems were extensively debated by the House of Lords and later in the year in the Commons. The immediate results were not sensational in any way, but the industry did win a clear statement from the Government that the Ministry of Agriculture accepted the same responsibility for fish

Peter Bullen

Planning Expansion?
...then get the full
story of GRIMSBYGRIMSBY - a town of
dynamic growth &
great opportunity

GRIMSBY, located at the mouth of the Humber, offers the best opportunity to expand in an industrial area. Grimsby is the nearest port to the Continent and is the only port in the U.K. with a direct rail link to the Continent. It is a great fish supply, with excellent fishing grounds and a superb fish processing plant. It is a town of dynamic growth and great opportunity.

For full details, please write to: F. W. Ward, C.E., I.M., Town Clerk and Chief Executive, Grimsby Borough Council, Municipal Offices, Grimsby, South Humberside DN31 1NU.

Cod still the king

THE U.K. fishing industry may every time. A survey recently published by Findus revealed that a large number of people in the quick-frozen fish sector it is difficult to see how that cheese or beef, and some could have survived for so long. Even the 25 per cent rise in frozen fish sales between 1968 and 1973 was not enough to compensate for the 23 per cent decline in sales by fishmongers, and consumption as a whole has continued its downward slide. Though the fall in wet fish sales is probably due in part to the inroads of the frozen product into its market (the quick frozen market share climbed to 24 per cent last year from 16 per cent in 1971), it is clear that total fish demand could be even more depressed if the fishmongers still had the time market to themselves.

One brighter sign to emerge recently, however, was a small rise in home fish consumption of 1 per cent, indicated in the National Food Survey (NFS). This shows that fish consumption per head per week rose by 14 ounces last year to 4.46 lbs. But the fish trade is being careful not to read too much significance into these figures, which are based on a fairly small sample of consumers. The reasons for the flagging demand for fish are well documented. The chief among them is the increase in price relative to meat, which has virtually wiped out fish's main selling advantage. Research has shown that even among those who do not profess a positive liking for fish it is generally regarded as a second-rate food. If given a choice between fish and meat at the same price most people would choose meat.

Purchaser

The typical purchaser of frozen fish is the young working mother (many older housewives never buy frozen), and her typical purchase is cod, in one form or another. The Findus survey showed that 55 per cent of housewives interviewed had bought cod during the previous three months, while 51 per cent had bought haddock and 31 per cent plaice. However, when asked which fish they liked best only 24 per cent said cod, 23 per cent haddock and 18 per cent plaice. This prompted Findus to ask: "Are the British as 'hooked' on cod as is commonly believed or do we just eat so much of it out of habit and tradition?"

The company notes that price seems to be of paramount importance (pointing to the discrepancy between preference for and purchasing of plaice). "Does this mean the British consumer is willing to try less expensive new species?" On this question at least Birds Eye

is in no doubt. The housewife wants cod, and she expects to get cod," said technical operations manager, fish, Mr. Robbie Blair, at a Press conference recently. "This situation will only change if cod becomes in short supply and starts to command very high prices."

This seems to be the general view of the industry. When there was talk of some strange deep sea varieties creeping into fish fingers, all the major companies felt obliged to spend large sums of money on reassuring consumers that their fish fingers were still made from cod.

There is a widely held conviction that because fish fingers (or fish cakes, fish sticks or fish cutlets for that matter) are highly processed products it does not matter very much what goes into them. In fact the fish finger is a highly specified product. The fish it contains must be white, flaky and fairly bland in flavour—and the only raw material discovered so far to meet these requirements at the right price is cod-flesh.

The assumption that a switch away from cod may become necessary is based mainly on the expectation of 200-mile limits becoming general and of Britain being forced to concentrate on waters relatively close to its shores. These waters contain (in addition to haddock, cod and whiting) mackerel (mostly used for fish meal), blue ling (popular with the French but disdained by the British) and sole (relished in Germany but mainly fed to cats in this country).

This leaves "the great blue hope"—blue whiting. Much has been written, spoken, projected

and calculated about this fish and much criticism has been levelled at the frozen fish companies for their failure to "grasp this new opportunity." But the processors' lack of enthusiasm is perhaps understandable.

"First," says Birds Eye's Mr. Blair, "it is a very small fish, about five or six blue whittings to a good size cod. Being caught in deep waters, at depths of about 600 fathoms, its innards often tear when caught, and because of that it does not keep too easily. Once skinned and boned, about 40 per cent of a cod is usable for processing. But with blue whiting, only about 25 per cent is usable. So, blue whiting would have to be landed at an exceptionally low price before it could equate price-wise with cod."

As well as these problems there is the difficulty of filleting such a small fish, but most important of all, in Mr. Blair's words, "There is absolutely no evidence at present that the fish is acceptable among housewives." The fishmongers seem no less dubious of blue whiting's saleability. Already there have been misgivings about the name—"presumably because the word 'blue' is not considered appetising. The wet fish trade has suggested 'flashling' as an alternative."

The message which comes over loud and clear from the frozen food producers is that changes in U.K. fish consumption patterns will have to be by evolution rather than revolution, with cod remaining in the driving seat for some time to come.

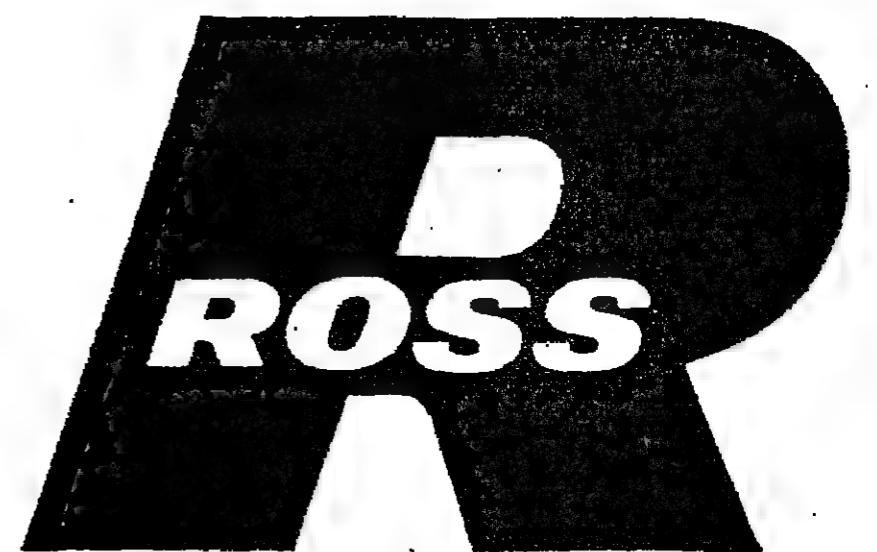
Richard Mooney

"A VIABLE
U.K. TRAWLING INDUSTRY
IS ESSENTIAL"

Fish sold in frozen form accounts for over 25% of the United Kingdom's fish turnover and this percentage is growing annually.

Ross Foods, a major frozen food producer, firmly believes that this present level of sale and its future growth can only be effectively achieved if the raw material is largely supplied by a viable United Kingdom trawling industry.

To this end, we believe that it is essential for the British Government urgently to formulate, declare and aggressively pursue a policy aimed at achieving this objective, major components of which should be the establishment of the widest possible exclusive British fishing zone around the shores of the United Kingdom, and compensating trawler operating companies for vessels which become redundant so that the capital funds are available to build the fleet required to exploit the excellent fish resources existing around the shores of the U.K.



John Edwards

Fishmeal processing

THE SECTOR of the British fishing industry that would undoubtedly benefit from the introduction of a 200 mile (or thereabouts) limit would be one of the least known—the fishmeal processors. If Britain's fishing was restricted to a 200 mile limit, the quantity of fish, suitable or unsuitable for human consumption, would rise considerably and provide much raw material for fishmeal processors, who make use of all the fish that is not directly consumed by humans. In the case of white fish, this means that fishmeal processors only use the left-over offal, such as head, bones, skin, etc. It is this "industrial" type, including many varieties of herring and cod, the processor turns whole fish into valuable fish meal for animal feed in addition to can extract fish oil for human consumption in margarine, shortening and similar products. Unfortunately white fish does give the valuable fish oil.

The preponderance of white caught by the British at present has naturally limited the size of the U.K. fishmeal industry. It produces only 90,000 tonnes or so a year, at an annual consumption of 300,000 tonnes with the remainder being imported from traditional suppliers such as Norway, Denmark and South Africa. Nevertheless despite the relatively small amount of fishmeal produced domestically in the U.K. compared with other fishing nations, it does provide a valuable by-product that is likely to become increasingly important as catches of "industrial" fish rise in the future. It takes something like 400,000 tonnes of offal to produce the 90,000 tonnes of fishmeal. With current prices at around £180 a tonne, this means the industry is earning over £14m. from offal that would otherwise be worthless and in fact actually cost money to dispose of in a reasonable way. At the same time the offal, once turned into fishmeal, is providing an important import saving to Britain, since otherwise it would have to be imported.

Fishmeal is claimed to be virtually unique in its properties as an ingredient of animal feed compounds, whether mixed on the farm or used by the compounders. Not only does it contain a high quality protein content, but it also includes several other essential nutrients making up a natural blend for animal feeds that can be duplicated by other ingredients such as soyabean meal but cannot be matched for performance. Thus while the cost of fishmeal may be higher, it could often be cheaper to use in view of the improved conversion ratio.

An interesting example of the qualities of fishmeal in animal feed is that a high proportion—between 25 and 30 per cent—is used directly by farmers for mixing into pig feeds, since as a natural blend in itself it does not require the sophisticated methods used by compounders. Whereas compounders might "decide" that greater savings can be made by utilising other in-

gredients, the farmer simply relies on fishmeal as a complete blend in itself to ensure his pigs are receiving an adequate intake.

Of course price does play an important factor in deciding how much fishmeal is used in animal feeds. If the cost is high, as at present, consumption of fishmeal tends to be concentrated in the high value concentrated feeds for broilers, laying hens and young pigs. When the cost is lower the use of fishmeal can be widened into other feeds for fattening pigs and dairy and beef cattle.

Protein

Fishmeal prices, of course, are controlled by the available supplies and the competitiveness of rival protein materials for animal feeds. Values are still reflecting the great world shortage of fishmeal created by the disaster in Peru when the change in the Humboldt current drastically cut catches of the anchovy that are turned into fishmeal. Peru is the world's biggest fishing nation normally, with virtually all its catch being turned into fishmeal, so the drastic cutback in supplies made a tremendous impact, particularly as it came at a time when soyabean were also in limited supply, thus aggravating the protein crisis of a few years ago. The anchovy have now returned to the Peruvian coast and catches are returning to normal levels. But Peru still has first to honour contracts, particularly with Communist bloc countries, that it was unable to fulfil previously, so it is unlikely to take some while longer

for world market supplies to return to normal levels.

In the meantime the general problems being suffered by Britain, and other nations, in catching adequate fish mean that the cost of the raw material used by the fishmeal processor is high. In addition the processor is faced with worrying problems, with the cost of fuel and machinery being the most inflationary. Although present fishmeal prices are historically at a high level, it is claimed that in real terms they are below those of ten years ago and that any serious decline would put some processors into a loss-making situation.

This apart, the outlook for fishmeal processing in Britain does look promising if in future the percentage of "industrial" type fish caught continues to rise. Already the "herring" in herringmeal has been largely replaced by fish like the capelin, which are almost identical but not considered to be fit for human consumption.

So one consolation for Britain if white fish catches have to be drastically reduced is that it may be able to cut down on its imports of an important protein that helps provide other foods for humans, such as poultry, meat, eggs and pigmeat. It is a popular misconception that fish used for processing is being wasted as a human resource. In fact fishmeal quickly goes back into the human food chain via animal feeds. It ensures that the whole of the protein content in fish is utilised for human consumption instead of a large percentage being wasted.



Shore promises to speed abolition of tied cottage

By Justin Long, Parliamentary Correspondent

Chancellor acts on \$800m. IMF credit

Financial Times Reporter

MR. DENIS HEALEY, Chancellor of the Exchequer, announced his decision to arrange for the drawing of the \$800m. IMF standby in a written answer in the Commons yesterday.

He had been asked by Mr. John Lee (Lab., Birmingham Handsforth) to estimate the minimum value of the assets that would accrue to the U.K. reserves if all overseas fixed assets were sold off over the next two years.

The Chancellor, after referring Mr. Lee to the relevant published statistics, recalled that the 25 per cent. surrender requirement on foreign currency securities yielded a benefit to the official reserves of about \$150m. in 1975.

No assessment had been made of the proceeds of any hypothetical realisation of overseas assets beyond this.

"There would be neither justification nor need for so extreme an approach. Fully adequate external financing is available through conventional channels and, in this connection, I have arranged with the IMF for the standby of SDR 700m. (equivalent to about \$800m.) to be drawn shortly."

THE GOVERNMENT is planning to put the controversial proposals for abolishing the "tied cottage" system into almost full operation by the autumn.

Even this "hurry" will be speeded up still further if the legislation providing security of tenure for farmworkers looks in danger of being side-stepped before it reaches the Statute Book—hopefully before the summer recess.

Mr. Peter Shore, Environment Secretary, outlining the Government's intentions in the Commons yesterday, said Ministers planned to bring the Bill concerned the Rent (Agriculture) Bill—into operation "just as soon as possible after enactment."

This would apply to all the provisions except those for full-time forestry workers, to whom a separate "appointed day" would apply.

But the sections of the Bill applying to farmworkers could be put into force only a short interval after it had reached the Statute Book. "I would not expect this to be more than about eight weeks," said Mr. Shore, during the second reading debate.

But if there is any sign of attempts to pre-empt the legislation and disturb occupants of tied cottages on that account during the Bill's passage, it will have to be cut even more.

"I must make clear that the Bill protects any qualifying person subject to proceedings under the existing law on the day it comes into operation."

The Government's proposals—expected to cost local authorities in England and Wales up to £25m. in the next five years on rehousing farmworkers—were condemned from the Opposition

front bench as bad, difficult and uncertain in their operation.

Mr. Francis Pym, shadow Agriculture Minister, maintained that in spite of some desirable objectives, the case for the Bill had not been made out. It was not necessary and he doubted whether farmworkers in general welcomed the proposals.

But Mr. Shore, vigorously defending the Bill, denied contentions that it would impair agricultural efficiency and rejected accusations that the Government had set out to penalise or frustrate farmers in the course of their business.

"We are redressing a balance and providing a system of general benefit," the Minister insisted.

He did not suggest that farmers set out to oppress their farmworkers. But the present system was "unjust and liable to abuse."

Even a well intentioned farmer might be put into a distressing dilemma. He might have a genuine need for a cottage for an incoming worker and thus feel he was driven to the courts to get an order to evict his former employee.

"It is often said that many farmworkers now sought protection to be able to work on a cottage for an incoming worker. Under the proposals the farmer would be able to apply to the local housing authority to secure the provision of suitable alternative accommodation for a worker who was housing and who had left or was due to leave, his employment."

There were three grounds for an application and all must be present together if it were to succeed, said the Minister.

First, there must be an incoming worker in prospect. Secondly, the farmer must be unable to rehouse the ex-worker from his own resources. Thirdly, the rehousing must be in the interests of efficient agriculture.

Mr. Pym feared that the Bill would bring about a reduction in the existing stock of houses



MR. FRANCIS PYM
"Case has not been made out."

The Bill also brought into protection former agricultural workers who were already retired now and living in accommodation provided by their employers.

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available to agriculture. Local authorities would have some "terrible choices" to make and would not always be able to provide a new house.

The industry, said Mr. Pym, who is himself a farmer, was seeking the imposition of an absolute obligation on local authorities.

But if we impose an absolute obligation, we are unfair to the local councils and to those on their housing lists. If we do not impose such an obligation we are placing agriculture in an uncertain and very unsatisfactory situation."

Anguish

Miss Joan Maynard (Lab., Brighton), a member of the National Union of Agricultural and Allied Workers, said she had been and would be with the industry all her life. "I have found in practice that all the co-operation has come from our people."

All went well until there was a change about a tied cottage for whatever reason—disagreement with an employer, illness or old age. Everything changed when a man could no longer work on the farm. "Bang goes the good will."

She wished she had taped the many stories of anguish she had heard which gave the lie to Mr. Pym's views. The tied cottage system was feudal and inhuman, and had caused untold suffering for farmworkers, their wives and families.

MP puts proposals on Civil Service

By Peter Hennessy, Lobby Correspondent

MR. JOHN GARRETT, Labour MP for Norwich South, has taken the unusual step of presenting formal evidence to a Commons Select Committee of which he is a member.

In a document published today and accepted by the general sub-committee of the Commons Select Committee on Expenditure, which is investigating Whitehall, Mr. Garrett takes the Civil Service to task for failing to implement, in full, the findings of the Fulton report of 1968.

Mr. Garrett was a member of the management consultancy team which advised the Fulton Committee and has long been a fervent advocate of improved management techniques in the public service.

He suggests that the Expenditure Committee should examine the number of specialists promoted to senior administrative posts in the Civil Service and the continuing domination of the service by Oxbridge and Cambridge in the upper reaches of Whitehall.

The unification of Civil Service classes—a principle enshrined in Fulton—has not been adhered to, he claims.

Among the other areas deserving attention, according to Mr. Garrett, are the need for greater continuity in keeping civil servants in a particular post for more than the normal two to three years, and the possibility of improving the auditing of departmental accounts to enhance Parliament's control of public expenditure.

Shipyards win pledge on unfair competition

By John Wyles, Shipping Correspondent

THE GOVERNMENT yesterday undertook to change its shipbuilding nationalisation Bill to give small companies remaining in private hands the right of appeal against unfair competition from the State-controlled sector.

Under pressure from Mr. Fred Wiley, Labour MP for Sunderland North, Mr. Leslie Huchfield, Under-Secretary for Industry, told the Commons standing committee considering the Bill that the Government would introduce a right of appeal clause at the Bill's report stage.

Under the Bill, shipyards producing less than 15,000 gross tons of merchant shipping a year are to be left in private ownership—about 25 in all; including some small boat builders.

Mr. Wiley's motive in moving an amendment on the issue, which was withdrawn after Mr. Huchfield's undertaking, seemed to be to remove any obstacle to private enterprise rescuing ailing shipbuilders and repairers.

Speaking in the wake of United Towing's takeover of the Selby shipyard, formerly owned by bankrupt Drypool Group, Mr. Wiley said that a private company might re-open the Greenwell ship repair yard in Sunderland, which was shutdown a few weeks ago by the State-owned North-East Coast Ship Repairs.

Mr. Wiley said he felt that it was up to him to safeguard the position of anyone who undertook to reopen the yard.

Stop using motor industry as economic regulator—car chief

By Kevin Done, Industrial Staff

VAUXHALL MOTORS' chief executive, Mr. W. Price, called yesterday for an end to the use of the motor industry as a regulator of the British economy.

He told the Commons select committee on expenditure: "It seems that, had we not had a turning of and on of the industry with such annoying frequency in the last 20 years, we might have experienced a steadier growth pattern such as that enjoyed in other European countries."

Such a pattern might have avoided the need for the Government rescue operations at British Leyland and Chrysler.

Mr. Price told the committee, which is studying the Government's plan to nationalise the motor industry, that Vauxhall was concerned that the motor operation should not upset the "competitive balance" of the industry. Vauxhall had not changed its forward planning programme in any way when the possibility of a Chrysler withdrawal from Britain first emerged.

He feared, though, that the Chrysler rescue operation might bring a return to marketing procedures which were not geared to viability.

He rejected any suggestion that General Motors might be the next candidate for a rescue operation. The rescue of Chrysler would only be disadvantageous for Vauxhall "if it is not done as a proper, viable one."

Mr. Price suggested the Chrysler could benefit from integrating its design and development functions with the European operation in a manner similar to General Motors.

He ruled out the possibility that General Motors might close their manufacturing operations in Britain and continue to operate as a marketing force.

Import controls VW to launch new Golf car

Answering a question from Sir John Eden, Conservative MP for Bournemouth West, Mr. Price said he was completely against import controls. He wished to avoid any retaliatory action in the 120 markets in which General Motors Vauxhall's parent company is trading.

"The greatest potential lies in the export of passenger cars from the U.K. We have made great strides in the industry in the last 20 years."

Rent reform backed by Tory spokesman

By Quentin Gurdham

THE RENT ACTS must be reformed if many people were to be better housed, Mr. Timothy Raison, Opposition spokesman on the environment, said yesterday.

He claimed there was a revival of interest—even among Ministers—in the private rented sector. But before there could be any increased provision in this sector, there would have to be a change in laws regarding security of tenure, and some guarantee of a fair return.

Mr. Raison was speaking at the annual launch of the British Property Federation.

Increased pressure for rent reform was also reflected in speeches by Mr. Victor Lucas, retiring president and Sir Richard Thompson, his successor.

Mr. Lucas said that it seemed "incredible" that a housing problem should remain after 30 years of peace, including many years than a tax on profits.

Primarily, it Raison declared, remained because of doctrinaire policies and bureaucratic failure in political interference.

In his speech, Mr. Raison repeated the Tory pledge to repeal the Community Land Act, though there might well be parts of worth saving.

On the Development Land Tax, he said the Conservatives still had not reached a view on whether this was "ultimately an acceptable form of tax." To could not be resolved until the committee stage of the legislation was completed.

The main objection, he said, was the rate of the tax, which the Tories favour 60 per cent. rate—was "that you are able to have to pay on money which you have yet earned and indeed which you have never seen."

It is, indeed, a very large of prosperity. Primarily, it Raison declared, remained because of doctrinaire policies and bureaucratic failure in political interference.

French group pulls out of R-R engine project

By Michael Donnell, Aerospace Correspondent

SNECMA, the French aerospace manufacturer, has finally pulled out of the Anglo-French R-R engine project.

The R-R engine project, which was set up in 1971 to develop a new engine for the Concorde, was a joint venture between SNECMA and Rolls-Royce.

An agreement signed in Paris between the two companies effectively released SNECMA from its earlier ten-year agreement with Rolls-Royce, which was to be terminated when the engine was in the continuing production.

Now, the French company will revert to the status of a subcontractor.

The precise extent of the commitment that Rolls-Royce now carry on the engine is not disclosed. Earlier, however, it was reported that the U.K. Government had contributed £11.2m. out of a commitment for £13.6m.

The difference of £2.4m. was being withheld pending a new assistance.

At this stage, the long-term future for the engine does not look bright. The R-R44 is only on the drawing boards, and only a few of these aircraft have been built. The need for such engines as Concorde is not great.

Under the terms of the agreement, however, Rolls-Royce will ensure that existing customers will continue to be supplied with engines and spare parts with SNECMA providing the materials and some technical assistance.

PM backs mixed economy

Canada visit by Callaghan

AGAINST a background of calls for greater State intervention in industry from Labour Left-wingers, Mr. James Callaghan, Prime Minister, yesterday told the Commons that the Government would stick to a mixed economic policy.

"I don't believe you can force a large private sector to invest. You can lead a horse to water, but you can't make it drink. You have to apply the incentives necessary which compel it to drink."

"This party has always stood for a mixed economy," Mr. Callaghan added, amid Tory cheers and some Labour backbench groans.

Mr. Robert Kilroy-Glik (Lab., Ormskirk) asked the Prime Minister to explain to the TUC how the Government proposed to move from helping firms in trouble, to taking a stake in profitable firms and industries.

Mr. Callaghan replied: "The first thing to concentrate on is to ensure that there is sufficient incentive to provide a proper level of investment in these firms so that productive jobs can be created. This is what I would like to see us focus on."

He also disclosed that it had been in the mind of his predecessor, Sir Harold Wilson, to hold the Commonwealth Prime Ministers' conference in London next year to celebrate the Queen's Jubilee.

Mr. Clement Freud (Lab., Isle of Ely) yesterday urged the Government to impress on local authorities the need to develop and use by-territories, which seemed hell bent on economies and synthetic food, that a school meal should be a pleasure, rather than an ordeal.

Miss Margaret Jackson, Education Under-Secretary replied: "I am sure that the Government will be happy to take on the role of a school meal should be a pleasure, rather than an ordeal."

School meals plea by MP

Canada visit by Callaghan

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Miss Margaret Jackson, Education Under-Secretary replied: "I am sure that the Government will be happy to take on the role of a school meal should be a pleasure, rather than an ordeal."

Problems of raising capital funds

OSLO, May 4

Commenting on the oversupply situation in the oil rig market, Mr. Jonhansen, director of the Norwegian Offshore, predicted that rig contracts would remain soft while the market was so soft. This was comparable with the present position of the oil market, where new rigs were being ordered by oil companies but no one was willing to charter them.

Mr. Jonhansen said the British Government were to take a decision on whether to build a new oil rig, which would be a major step in the development of the oil industry.

He feared that there might be a little relief from the glut situation for as long as 20 months. Moreover, in the future round of acreage by the British Government, there would probably be a predominance of shallow water, jack-up territory. This would improve the reasonably steady jack-up market, but might not offer such promise for semi-submersibles.

An idea for the provision of North Sea finance was developed by Mr. Eric Levine of Eric Levine and Company. He pointed out that there was no real involvement by the British public in the North Sea, but this gap could be filled if the Government were to raise funds from the public at large through the issue of an Energy Bond.

"After all, War Loan established the precedent of the public assisting the financing of an important national endeavour," he said.

Mr. Levine believed that the current trends, through the BNE Government, through the BNE Government, would soon have to take greater part in North Sea developments along the lines that the Norwegian Government had established with Statoil. He believed in the need for greater public involvement, even to the point of development financing.

Mr. Jo Grimond, former Liberal leader, said the British and the Norwegians, as the principal developers of the North Sea, should agree on a pricing policy for their resources.

On the political situation, he urged companies to be aware of the public at large, in the eyes of the direction interested in the development of our economy. They should be as far as they were allowed to practise a market economy the "elves."

A major question of politics for the next two or three weeks, he thought, was whether the British would continue a free and enterprise country, or whether it would "slide over into Socialism." He believed the companies had "a vital role play" in this situation.

Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

Net earnings rise by 44 per cent to R41 million

Extracts from the review by the Chairman Mr. G. W. H. Rally

Amic's most recently completed financial year has been overshadowed by the economic recession that has affected the entire Western world. It is therefore particularly gratifying to report that during 1975 our corporation again broke the previous year's earnings record despite the many difficulties which faced the South African economy and more particularly the industrial sector. The Group's net equity earnings rose by 44.8 per cent to R41 million from R28 million in 1974, while earnings a share increased by 33.9 per cent to 154.6 cents a share from 116.3 cents a share on an enlarged share capital. The trend towards an increasing geographical diversity of Amic's earnings continued during 1975. The proportionate contribution of earnings arising outside South Africa rose to 31 per cent from 28 per cent in 1974, largely as a result of the continuing growth of the overseas securities share portfolio. International Limited, Group trading profit increased by 37 per cent to R17,749,000 from R12,954,000 in 1974 while consolidated investment income rose by 32 per cent to R1,647,000 from R1,244,000.

Amic declared dividends during the year totalling R5.9 cents a share compared with R5.7 cents a share in 1974. The dividend cover has risen to 2.5 from 2.0 in 1974 reflecting the continued desirability for substantial profit retentions to provide for further expansion and to maintain sound balance sheet structures in the current inflationary environment.

Most of the major changes in Amic's consolidated balance sheet arose from the acquisitions, during 1975, of Bart's Industries, S.A., Board Mills and Stafford Mayer and the formation of Aero Marine Freight Services Holdings Limited. These developments account for the 10 per cent increase in Amic's share capital from R170,402,000 to R190,402,000 and the major part of the 78 per cent increase in R48,498,000 in the minority interests in subsidiary companies and the 37 per cent increase in R17,512,000 in fixed assets and net premium on acquisition of subsidiary companies.

The market value of Amic's listed investments rose to R58,152,000 at 31st December 1975 from R48,308,000 at the end of the previous financial year, an appreciation of 17 per cent over book cost. Since the year end, the industrial share market has declined and at 9th April 1976 the market value stood at R50,903,000. The book value of the corporation's unlisted investments rose during the year to R23,314,000, or by 19 per cent. The increase in working capital, which is due to both higher current assets and current liabilities, arose partly from increased activity by Scaw Metals Limited and Bart's, partly from the consolidation of Amic's new subsidiaries and partly as a result of inflation.

The corporation's main wholly-owned subsidiaries, Bart's and Scaw, continued to achieve outstanding results. Bart's succeeded in surpassing last year's record by 55 per cent with net earnings increasing to R15,208,000 from R9,523,000 in 1974. This new record stems mainly from firm demand for the products of Bart's cable division and, more particularly, increased worldwide demand for the products and services of the drilling division, of which the Longyear group forms the greater part. Bart's research activities are growing commensurately and several new developments aimed mainly at improving gold mining productivity are well on the way to becoming commercially viable.

The Scaw group also achieved new records in 1975, raising its net equity

earnings by 42 per cent to R12,688,000 from the R8,980,000 recorded in 1974. A very full order book at the start of 1975 ensured high levels of activity, both in foundry and in the rolling mill. For the first three quarters of the year, Scaw's capital expansion programme is moving ahead in readiness for the next business upturn. While the current year is likely to prove difficult with no foreseeable significant improvement in immediate demand, earnings should nevertheless reach satisfactory levels.

Freight Services Holdings Limited, with effect from 1st July 1975 ceased to be a subsidiary of the corporation when it was merged with two companies which were previously controlled by South African Marine Corporation Limited (Safmarine), to form Aero Marine Freight Services Holdings Limited (AMFSH) which is jointly controlled by Amic and Safmarine. This merger will secure Amic's position in the freight business and the link with Safmarine will help us move smoothly into the new era of large containerisation in 1977. AMFSH is now the largest business of its kind in South Africa, providing comprehensive travel, buying and forwarding and freight services both in the Republic and overseas.

It remains Amic's policy to invest at the initial stages in worthwhile new projects. Highveld Steel and Vanadium Corporation Limited and Mondi Paper are two such examples and both companies are now firmly and profitably established. In

building and civil engineering industries. The company decided in 1975 to change its financial year end from 30th June to 31st March and during the six months ended 30th September 1975 the group produced net equity earnings of R2,481,000 compared with R2,648,000 earned during the nine months to 31st March 1975. Work in progress at the end of the six month period amounted to R208 million. LTA Engineering has a new division, LTA Engineering Projects Limited, to co-ordinate the group's activities in clients' turnkey projects and its interests overseas.

It may not be possible for Amic to sustain in 1976 the remarkable rate of growth achieved during the last few years. There are many uncertain features in our own and in the international economy which make it difficult to see the immediate future very clearly. However, I am confident that our corporation remains well placed to grow because its investments are soundly grounded in the inevitable continuing long range growth prospects of South Africa and the outside world. The climate for international mining has improved recently in relation to governments' attitudes and there are some signs that metal markets may be strengthening. Bart can only benefit from these developments. Scaw likewise is well situated to benefit significantly from using elements of its capacity to the full. Our timber and related operations have borne the brunt of problems con-

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS			
	1975	1974	1973
Capital and reserves	R000's	R000's	R000's
Listed investments	263 072	216 006	200 456
Book value	47 877	50 099	50 212
Market value	36 153	49 308	62 193
Unlisted investments			
Book value	23 314	19 430	29 411
Directors' valuation	33 939	28 159	—
Other assets net	191 581	146 277	120 593
Equity earnings*	40 918	28 464	20 879
per ordinary share*	154.6 cents	116.3 cents	85.4 cents
Dividends	16 672	14 072	12 231
per ordinary share	63 cents	57.5 cents	50 cents
Number of shares in issue	26 460 639	24 472 761	24 440 886

* Excludes surplus 1975: deficit on realisation of investments and amounts written off loans, unlisted investments and net premium on acquisition of subsidiary companies, less recoveries and currency variations.

* Includes final dividend on 21 597 shares issued as consideration for the acquisition of further shares in Freight Services Holdings Limited.

— Not available.

accordance with this policy the corporation acquired an interest in Consolidated Metallurgical Industries Limited (CMI) during 1975. CMI, a member of the Johannesburg Consolidated Investment Company Limited group of companies, was formed at the start of 1975 to produce and market chrome chrome. A plant with a design capacity of 120,000 tons a year is currently being built near Lydenburg in the eastern Transvaal and is expected to be commissioned in 1977. Capital expenditure on the project is estimated to be R47 million.

The Amic Group's interest in LTA has increased to 33 per cent of its issued share capital. LTA is the parent company of a major construction group whose activities cover the entire range of the

needed with the slowing down of growth in South Africa and the companies involved have taken the opportunity to improve the administration and control of their businesses which should bring its reward when times improve. Similarly, we look with confidence to the development and expansion of our freight business. Our investment portfolio has performed extremely well and I am certain that it will continue to do so. Our subsidiaries' managements have done an outstanding job through a difficult period and if we proceed with caution in our financial affairs we may be fully confident that their continuing efforts and the essentially sound nature of our overall business will lead the Amic Group from strength to strength.

The Executive's World

EDITED BY JOHN ELLIOTT

Rupert Cornwell outlines Shell's resumption of operations in Indonesia's changing oil industry

Oil in the Orient

BALIKPAPAN is an unpretentious, sprawling town of about 150,000 people, half way and the eastern coast of Borneo. It is just south of the Equator. Behind it lies gently hilly delta some 15m. tons of oil — a vast region carved out of the island's dense tropical forests. It is a reasonably equipped port, and a trading post for the Dayak tribesmen in the interior. But to-day Balikpapan is above all oil, and a symbol of both the past and present of Indonesia's most vital industry.

The past, because Indonesia is one of the world's oldest oil producing areas. In 1890, a certain Jansz, a Dutchman, was the first to attach the title "Royal" to the humble Dutch petroleum. The company he had set up at about the same time another infant company, Shell Transport and Trading, struck oil in East Borneo, and built a small refinery in Balikpapan. In 1907 the two merged to form what is to-day the world's second largest oil group.

All that, though, has long since changed. Disillusioned and unloved, Shell pulled out of Indonesia after nationalisation in 1968. To-day, in the calmer climate of the Suharto regime, the company is gingerly feeling its way back, and a small team of geologists is based in Balikpapan assessing the Shell concession to the North. But in what has been dubbed the "Aberdeen of the Orient", the foreign colony of oilmen is predominantly American and French, not British or Dutch, and the management has changed. Oil in Indonesia now means Pertamina, the state-owned agency-cum-conglomerate which administers all oil operations in the archipelago for foreign companies. In East Borneo, to all intents and purposes, these are the French CFF/Total group, and the U.S. Independent Union Oil. Their fields in the offshore area of the Mahakam river delta should in 1977 be producing some 15m. tons of oil — about one-fifth of Indonesia's current output of 75m. tons a year.

Excitement

The reason for all the excitement is to be found about 50 miles to the north of the town: Union's offshore Ataka field, producing around 6m. tons. Total's Bekapai field with 2m. and the largest of all, Handil, at 150m. tons. The average of the Mahakam estuary with up to 7m. tons annually when it is on full stream in 1977. A full-scale terminal is being built by the French at Senipah nearby, and CFF is planning some \$150m. of investments this year alone in Indonesia, compared with a total \$140m. since 1968. For CFF, too, success in Indonesia is particularly important, although the group traditionally has a net surplus of funds, and is a seller on the international market. It had been going through a lean spell

in its efforts to shift its production base out of the Middle East, particularly Algeria and the Gulf. Like Shell, it had acquired the reputation of being bad at exploring and good at marketing, but this image is changing with its finds in Borneo and in the North Sea, and to a lesser extent in Labrador.

Bekapai, Handil, and Ataka are fields typical of Indonesia — medium sized and a little awkward to get at. By and large, Indonesia is a mass of smallish fields, with operating costs well above those in the Middle East, and is a smallish producer, with its 75m. tons a year putting it at the bottom end of the OPEC league table. Nor is there great prospect of a fundamental change. Experts are doubtful of any new Minas-type finds, and predict a peak output in the near future of some 2m. barrels per day (100m. tons a year).

Terms of production sharing are generous to the companies on a scale rare elsewhere, and — as the companies themselves admit — the quality of Pertamina's oil people is high. But a financial disaster for Pertamina, with reported outstanding debts of \$90m. or more, has highlighted weaknesses elsewhere and a direct consequence is that the Jakarta Government is turning the screw on the oil companies.

Earlier last month it renegotiated the terms of its "work contract" with CFF, netting it an extra \$300m. annually. Next in line is CFP, which when Handil goes on stream, will overtake Union to become the country's second largest producer.

Under the existing arrangements, the contractor finances all the exploration, development and production costs, which are approved by Pertamina. In return, the operator receives a maximum of 40 per cent of the oil (the so-called "cost oil") to cover instalments. The rest is split on a complicated formula which takes into account the dramatic rise in energy prices since 1973. Of a barrel of Indonesian crude, to-day fetching up to \$12.80, an estimated 22 per cent goes to the company, and 78 per cent to Pertamina. This will now be changed to the advantage of Indonesia, but by how much is unclear.

Slow progress made by manual workers on 'staff status'

DURING the past ten years there has been considerable interest among some companies and some trade unions in giving manual workers the same pay and conditions of employment as white-collar and management employees. Known as "staff status", this has been seen as a logical way of improving labour relations.

Yet the actual progress has been remarkably slow, and a report published to-day by the British Institute of Management says that comprehensive status schemes, equalising all terms and conditions of employment, are still rare in the U.K.

A survey of over 300 companies interviewed by the BIM found that only 37 per cent had introduced such a scheme for some of their manual workers while only 25 per cent had introduced one for all their manual employees.

In addition, however, companies also harmonise their pay and conditions in a less structured way, removing or at least reducing their differentials for a number of reasons.

But the country's economic problems have slowed progress towards the introduction of staff status, which is expensive, and most companies now planning fresh moves are large concerns with over 5,000 employees.

About 70 per cent of these companies with future plans said that Britain's social-political climate was the main reason.

Since 1970, 70 per cent of companies have reduced differentials on some conditions of employment. Skilled workers have gained more than semi-skilled and unskilled categories and the harmonisation has been most common in those employment conditions which are given a high priority by employees — for example pensions, death in service benefits, sick pay, holiday entitlements, and redundancy provisions.

Managements rather than unions have normally initiated these changes, although unions have been involved in negotiating them.

The BIM is in no doubt about the value of staff status, providing it can be afforded by the

65 PENSIONS and BENEFITS

Insurance for company health

BY ERIC SHORT

UNTIL RECENTLY fringe benefits to most people meant expense account lunches and the provision of company cars and this still tends to cloud the thinking of many politicians and trade union officials. But the provision of employee benefits has long since progressed beyond such perks designed only for the favoured few within a company. Now employers are increasingly giving more consideration in rewarding employees in addition to salaries or wages.

The most important fringe benefit is pensions but there are lesser benefits which many employees value: cheap house loans, free lunches, sports facilities. These tend to improve the attractions of employment.

annual survey carried out last year for the Department of Health and Social Security showed that all growth in membership is coming from the provision made by employers.

This raises the question of why an insurance scheme should be used when the employer could pay for the private treatment as part of the running costs of the business. The answer is that, if the employer paid directly, the Inland Revenue would regard the costs as a payment in kind to the individual concerned and tax him accordingly. Since the cost of treatment could be hundreds of pounds, the additional tax bill could be significant. Under a medical insurance scheme each employee covered is taxed on the company contribution, irrespective of whether he receives any benefit.

The benefits provided by the medical insurance agencies basically are two-fold: cover against the costs of accommodation and nursing in a private bed; and cover against the costs of all specialist fees. The latter include not only surgical fees, but the fees of anaesthetists, radiologists and other specialists.

The standard form of cover is to put a limit on the amount of weekly benefit payable for each case and a limit on the amount of fees paid for each illness. The employer chooses the limits and is assessed for his contribution. The limits will depend mainly upon the location of the employer since payed costs in the NHS vary across the country. The weekly charge for a bed in a London teaching hospital is £380; it is £284 for a provincial teaching hospital and £243 otherwise.

The premium is assessed on a selective basis for each group and the usual practice now is to make rebates in a year when claims on the scheme are light.

But, basing the cover on a weekly charge does mean that employers have to pay an extra premium during the year when payed charges are increased, as was done for NHS beds in April 1. The main agencies in this insurance — British United Provident Association, Private Patients Plan, Western Provident

There has been rapid growth in group medical schemes in the past few years. Indeed, the

While a BIM survey shows that U.K. industry has been slow in introducing 'staff status' pay and conditions for manual workers, Eric Short argues that private care medical insurance is a cost effective high status perk for executives.

But, as one manager told the BIM, single status is not simply about equal fringe benefits and equitable salary structures. "It is about the age old split between 'works' and 'staff', the 'them-us' syndrome and as such it is probably the most radical change in terms of personnel policy to be attempted by the company," he declared.

"It will not succeed in a climate of poor industrial relations, poor communications, inequitable wages and salary structures, poor management and supervision. These conditions must be corrected before the harmonisation process begins."

Towards single status. Management Survey Report No. 30, by Helen Murtis and Jill Grist. British Institute of Management, Management House, Parker Street, London, WC2B 5PT. Price £15 to non-members.

NB: The BIM's recent Front Line Management working party report is available from the same address price £2.50 to non-members.

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BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Community Land Act effects

In 1973 I obtained planning permission for the erection of houses on a small plot of land. I then sold the land to developers leaving 75 per cent of the purchase price on a legal first mortgage. The developers commenced work by clearing the site, erecting 5 garages and completed foundations for three of the houses. They then went bankrupt and I foreclosed on my mortgage. Am I correct in assuming that this land, together with the work that has taken place on it, will be exempt from the Community Land Act? If not, are there any steps that I should take to protect my interests? We think that the Community Land Act 1975 and the bill providing for the taxing of development value, now before Parliament, would not bite on the land on which you have foreclosed. However, your planning permission may soon expire, and a fresh

permission would probably fall within the new statutory provisions. The position could be protected by preventing the lapse of the existing planning permission by commencing the permitted development.

Bank interest as earned income

I have a small business (not a limited company) which publishes an annual journal consisting of one volume of six bi-monthly issues. Subscriptions are paid annually in advance which means that I hold the money to pay the expenses of operating the business in the bank for one year. I regard this money as working capital required to operate the business and hopefully would expect the interest to be treated as earned income. The Tax Inspector however regards the interest as unearned income, and taxes it accordingly. My accountant has not been able to suggest arguments to substantiate my case. Can you? Prima facie, the facts outlined.

In your letter might be distinguished from the facts in cases where the Inland Revenue have been successful in excluding bank deposit interest from Case I assessments, but no doubt your accountant has studied the dicta in the light of his knowledge of your own particular circumstances. It is not possible to do more than offer points which may suggest a line of thought, but which may on the other hand be irrelevant to your particular situation: (a) May inflation make the advance subscriptions inadequate without the deposit interest? (b) Might the Inspector (or the Commissioners) accept that short-term bank interest is a trading receipt in your own trade, as bank overdraft interest would be a trading expense? (c) Would your argument be helped if you took in a partner?

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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HOW SECURE IS INDEPENDENT COMPUTER MAINTENANCE? CFM's 1975 PROFIT STATEMENT SPEAKS FOR ITSELF

Year ended 31 December	1975	1974
Turnover	£2,059,710	£1,352,480
Profit before taxation	£149,770	£16,383
Average number of employees	288	236

Individual contract values range from £7 per month to £130,000 per annum.

The Chairman, Mr. G. D. Royle, comments:

The Company considerably improved its trading position in 1975. The 1974 profit reflected the very significant cost of merging the maintenance business acquired from Business Computers Ltd., whereas the 1975 result indicates the benefits from the post-merger rationalisation. This is particularly satisfactory when viewed against the national economic background.

We have continued to expand our services to the Computer Industry, to the multi-manufacturer user, to terminal manufacturers and to end users, and at the end of 1975 17% of turnover derived from Government and 10% from manufacturer contracts.

With more than 200 trained engineers working from 22 service locations throughout the UK, CFM has established a reputation for prompt, reliable service with sound technical and financial support.

1976 has begun with further financial improvements and the Board looks forward with confidence to another successful year.

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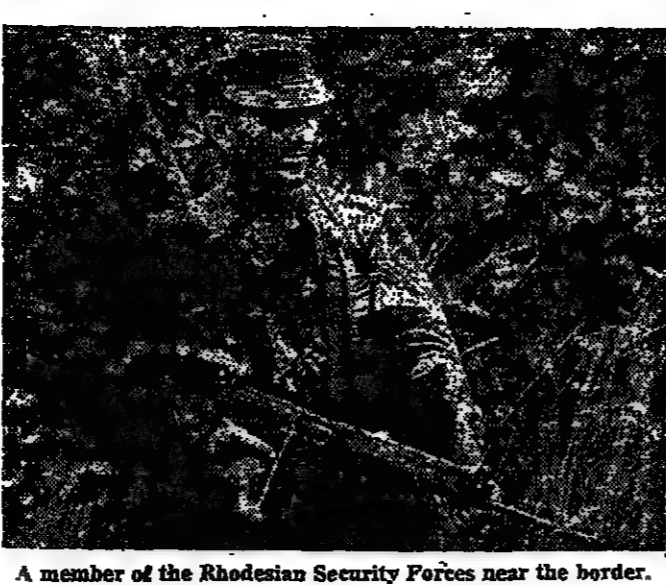
Ifs and buts in the Rhodesian economy

POLITICAL CONSIDERATIONS, perhaps more than ever before, are going to affect Rhodesia's economic performance this year. After a difficult 1977, when real gross domestic product fell by 1.5 per cent—the first such decline since UDI in 1965—the economic outlook has brightened considerably recently.

The upturn of world demand and of prices for primary products, and a better-than-expected agricultural season are the main reasons for believing this. But while the economic omens have moved in Rhodesia's favour, political difficulties have intensified with the closure of the Mozambique border, the widening of the guerrilla war, and the announcement of an extended military call-up for Rhodesian territorial forces.

Although renewed efforts are being made to intensify sanctions against South Africa, short of inducing South Africa to participate—there is relatively little that the sanctions policy can now be expected to achieve. Two possible areas exist for intensifying sanctions: the promise of Dr. Henry Kissinger, the U.S. Secretary of State, to seek a repeal of the Byrd Amendment which allows the U.S. to import strategic minerals (especially ferrochromium and nickel) from Rhodesia; and a closing of the Botswana border by Sir Seretse Khama, which would make Rhodesia totally dependent upon the direct Ruteng-Bethbridge Railway.

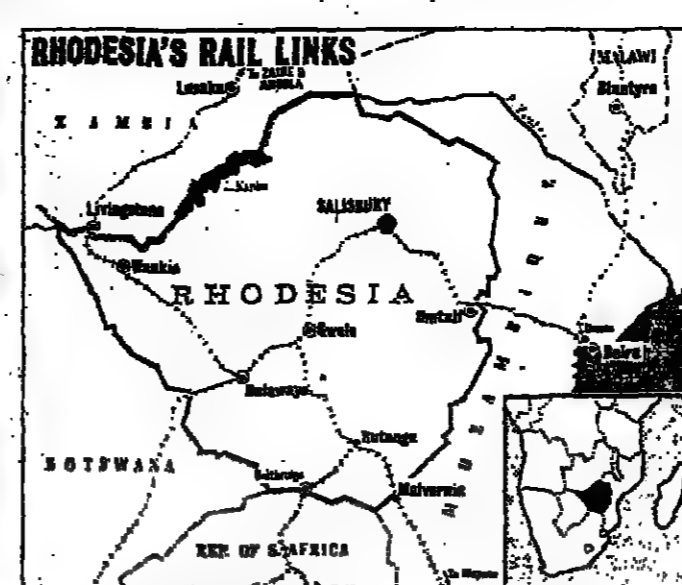
Neither move would have substantial adverse effects on the Rhodesian economy. A repeal of the Byrd Amendment would probably be the more



A member of the Rhodesian Security Forces near the border. The prolonged call up has deprived industry of manpower.

Rhodesia's Railways. Besides, it has been reported from Washington that American Government officials were taken aback by Dr. Kissinger's promise to seek a repeal of the Byrd Amendment this year. In Salisbury, certainly, the view is that repeal is unlikely before the presidential elections, and that the ball game could well be very different after those elections.

It would be wrong to conclude that there is reason for unbridled economic optimism. The latest figures show that the economy is still in the throes of recession, although there are encouraging signs of an export-led recovery in mining and, to a lesser extent, in agriculture. The volume of manufacturing output is still 8 per cent below the levels of a year ago, and all published



well poised to participate in the international economic recovery, but that it is "unlikely that any noticeable benefits will be felt much before the end of 1978." In particular, the Treasury is saying that the hoped-for improvement of the country's external payments is not expected to be sufficient to allow "a notable easing of import controls" during 1978.

The unofficial view is rather more optimistic. It holds that mining output will rise by more than 30 per cent this year in value, thanks to the happy combination of increased output (two major nickel projects, Shangani and Epoch have come on stream in 1976) and higher world prices. White-owned farms, after showing a 9 per cent nominal growth of sales last year, despite lower volumes of production—should do signifi-

cantly better in 1978. Beef and tobacco output should be higher, although tobacco prices are disappointing. Export demand and prices have improved for maize and cotton, while sugar should be a major export earner.

The open question about the agricultural performance is whether the railways (in South Africa as well as Rhodesia) will be able to move the maize crop bearing in mind that, quite apart from the closure of the Mozambique border, Rhodesia has lost a significant number of wagons trapped in Mozambique on March 3.

Manufacturing, which showed a 1.4 per cent decline of volume last year, should do rather better in 1978, mainly because the processing of primary products will offset lower output elsewhere in this sector. Retail sales are

likely to grow little in volume. With no net white immigration, Rhodesia does have a skilled manpower problem, and there is a relatively depressed service sector. None the less, the strong performance of the primary sectors should be sufficient to ensure nominal overall growth of the order of 13 or 14 per cent, and real growth of 2-3 per cent, implying a further rise of inflation into double figures. That result would still be below the trend growth rate (since 1965) of about 6 per cent, in real terms, but in the light of the many political and economic difficulties, it would still be a creditable performance.

In a country with no business opinion survey it is also impossible to quantify the state of business morale and confidence. The indications are that businessmen are sitting on the fence, awaiting that elusive "political certainty" which Mr. Ian Smith has been promising ever since he seized independence 10½ years ago. While white political opinion in general has welcomed Mr. Smith's "power-sharing" introduction of African chiefs and tribally-elected MPs into his government, it is difficult to believe that many businessmen see it as anything more than a tactical move, believing that sooner or later bilateral talks will have to be resumed with the Nationalists.

If the economy recovers on course as anticipated in the latter half of the year, and assuming that the new military offensive is successful, then business confidence will be increasingly restored as the year grows older. But the wider political uncertainties surrounding greater black participation in government are likely to proliferate until—despite what both sides are saying now—formal constitutional talks are resumed between the Government and the Nationalists.

Letters to the Editor

The maximum wage

From Professor J. Shepherdson.

Sir—As a University Professor I know that I can't now afford to pay anyone to do my decorating and house repairs. (My salary moved up last October from 38,000 to 40,000, and I'm now living on 18 per cent of it.) I wondered whether, in my wildest Walter Mitty daydreams, I could see myself in a job earning enough to do that. So I worked out what annual salary I would need to earn so that, by working an extra hour at my normal rate of pay I could earn, after tax, the £2,500 which I would need to pay a firm of builders and decorators for an hour's work. The answer, for a married man with children of 12, 14, 16, and assuming a working year of 2,000 hours, is £18,967-216.801 or £20,000-221.789 or more than £20,000.

Mrs. Thatcher was right: to-day virtually no one can afford to pay anyone to do their decorating for them. Note the anomaly: the net pay I would get from working an extra hour does not increase steadily. For a salary of £8,306 it is £2.06, as the salary increases it goes up and down nine times as the salary crosses the tax rate boundaries reaching a maximum of £2.75 at £21,799, dropping to £1.85 at £21,810 and then going steadily up. For the single man it goes from £1.88 at £5,172 to £1.76 at £20,674, reaching a maximum of £2.99 on the way.

If you are skilled enough to save £4.50 an hour by doing your own car repairs you should do so unless you earn more than £82,940 (at this level it doesn't make any difference whether you are married or single). And suppose you can make your own beer and assume that this replaces buying the same amount of bottled beer. I admit this is an unrealistic assumption but it gives a nice round figure for reckon that it saves about £8.50 for a hour's work, and that it pays to do this rather than working for an hour at your normal rate of pay provided you earn less than £100,000 a year!

I was surprised to discover how that was this curve of net return for an extra hour's work against salary. If you leave out the very few earning over £20,000 and the lucky few who are near the top of their tax bands, you can say that there is a maximum legal (that is assuming you pay tax on it) wage of about £2 an hour net of tax (slightly less for a family man), slightly more for a family man. To be fair I should call this the maximum marginal legal wage; the single man at £20,675 actually gets about £4.50 per hour for his first 40 hours work; it's the extra hours that only bring in £1.76. But this is what counts if he's thinking of working longer.

There's no need for special clauses in a pay policy to clothe those over £8,500 or £10,000 or even £20,000; income tax has already levelled out the incentives. Of course it makes for a well rounded life, instead of giving extra-mural lectures I should be attending evening classes in plumbing and car repairs. But it's not likely to lead to the best use of the country's skills or to the fullest employment.

J. C. Shepherdson, School of Mathematics, University of Bristol, University Walk, Bristol.

Exchange control

From Mr. E. Ingram.

Sir—The rumoured misadventures within the Bank of England relating to the current restrictions on overseas investment make it timely to suggest that an inquiry be made into the benefits of those restrictions themselves. I refer to the dollar premium, etc.

Pension funds, and others charged with maintaining the value of deferred spending (which is an euphemism for pensions and savings of any other kind), are being forced to leave these investments in loss-making situations (both in overseas companies and in the pound as a whole), for fear of making a greater loss by selling and having to pay the dollar premium. This is in effect, though to a lesser extent, forcing the U.K. to subsidise other countries' "British Leyland" type situations instead of investing for a profit.

With all our institutions producing new economic studies at a record rate, surely a well publicised study along these lines would be useful? It should also include an assessment of the value of these restrictions to currency stability now that we have a floating pound which was not the case when the restrictions were first introduced.

E. D. Ingram, Anglia Insurance Brokers, 31, York Road, Northampton.

Rural danger signal

From Mr. H. Watt.

Sir—The purchase of Viscount Wimborne's Ashby St. Ledger estate for about £2m by the pension fund of British Airways (April 30) signals once again the plight of pension fund managers desperate in their search for a safe investment for their policy holders' premiums, but this purchase represents a further danger signal to rural society as a whole and owner-occupiers and tenant farmers in particular.

On the one hand British industry needs increased investment to re-equip if it is to compete in world markets, but so long as our inflation rate is twice that of our competitors no one has confidence in our industrial future, so once again farmland becomes the safe haven. Investment return from food production land is probably 5-8 per cent, at best, whereas gilts are returning double, so obviously capital growth in a land decreasing situation is what pension funds are hoping for. If they are right in their judgment and land once again rises from £500 to £1,000 per acre then the capital transfer tax of owner-occupiers will be doubled and the recent 50 per cent rebate in the present Finance Bill wiped out for all practical purposes.

Of course, we read regarding Ashby St. Ledger that nothing will change, all tenants and employees will remain, but this is exactly what has been said a thousand times in industry and

Business schools

From The Chairman, Petroleum Industry Training Board.

Sir—As one who still has a little to do with business schools and who has seen the status of business schools in the past, I am sure some objectivity may be comment on Monday's article by Mr. Joel Stern.

Such categorical and uncompromising statements from one so much respected require some justification because strictures from high authority can be particularly damaging. His catalogue of institutions, individually and theories is an expression of his opinion just as are the parallel selections of Dame Wigan though your racing correspondent is careful to provide some rationale for his choice. The use by Mr. Stern of such loaded words as "outrageous", "do-gooder" and "shocking" does not confer greater credibility on statements otherwise peremptory.

The concept that "the objective is to earn the highest attainable return on total capital properly measured in terms of free cash flow" may seem to some of us as obvious as it did to me 50 years ago, though the passage of years has shown me that it is far from a complete recipe for national prosperity. Our support for business schools has not left us unenriched.

The question that constantly troubles me is why, with our sophisticated planning systems, with so many advances in computerisation, and with such a galaxy of names as those cited by Mr. Stern the world has got into such an economic mess. Perhaps it is because, as the tone of Mr. Stern's article reveals, it does not occur to our intellectual leaders that they may not always be right. But if in the end, his performance approaches that of Mr. Wigan, we shall all gladly applaud him.

E. F. Chappin, York House, Empire Way, Wembley, Middlesex.

To-day's Events

- GENERAL
TUC Economic Committee meets to discuss progress of discussion with Government on pay policy, prior to special meeting of TUC General Council. Decision on proposed policy expected to be announced in House of Commons.
- Corporation of City of London gives banquet in honour of Brazilian President and Seniors Gales, Guildhall, E.C.3.
- Mr. Anthony Crosland, Foreign Secretary, continues visit to China.
- Mr. Eric Varley, Industry Secretary, gives evidence on industry and scientific research to House of Commons Science Subcommittee.
- Duke of Edinburgh attends Peninsular and Oriental Steam Navigation (full year). Sainsbury (J.), (full year). Burton Group (half-year).
- COMPANY MEETINGS
Bronx Engineering, Edgbaston, 12, Church and Co., Northampton, 12, East Rand Cons., 25, City Road, S.E.1, 11.30. Fairclough (Leonard), Manchester, 4.30. Ford (Marin), Winchester House, E.C.12, Hewitt (J.), (Fenton), Stoke-on-Trent, 12. Ibsack Johnson, Great Queen Street, W.C.1, 12. Jones (A.), Northampton, 11.45. Marlow (Tom) Metals, Blackburn, 1. Metrolux, Birmingham, 11.45. Ottonian Bank, Great Eastern Hotel, E.C.12.30. Stigwood (R.), Grosvenor House, W.11.30. United States Debut



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Incentive for management

From The Managing Director, Egon Zehnder International.

Sir—In the last few days my company has noted increasing concern among executives at the situation revealed in the British

Eagle Star



Chairman's Statement

RESULTS AND DIVIDENDS

The surplus for the year before tax and minority interests was £26.0m an increase of £5.2m. Investment income was £22.6m (1974 £19.6m). Life profits, resulting from the annual valuation of the life funds at 31st December 1975, amounted to £6.2m (1974 £5.3m) after the addition of £2.7m (1974 £2.2m) credited in respect of corporation tax and franked investment income. Fire and general underwriting showed a loss of £2.7m (1974 £3.4m). Premium income, including that for life business, was £277.4m (1974 £249.8m) an increase of 11 per cent.

The directors are recommending that the maximum allowable final net dividend of 2.487p per share be paid which, with the interim dividend of 2.5p, makes a total for the year of 4.987p, equivalent to a gross dividend of 7.872p per share (1974 6.976p). The total cost of £6.1m includes the final dividend payable on the new shares issued by way of rights to shareholders.

The balance for the year after taxation, minority interests and dividends was £7.4m (1974 £4.5m). Out of this £1.0m has been applied to strengthen our catastrophe reserve.

GENERAL

In my statement which accompanied the Report and Accounts for 1974, I remarked on the very difficult circumstances which we and other insurers had had to face at the end of that year. To contain the situation we wrote down the balance sheet value of the investments in the shareholders' fund to below market value by transferring £18.8m from general reserves to investment reserve. By the end of 1975 stock exchange values had improved considerably and the market value of the investments in the shareholders' fund was some £44m in excess of the balance sheet value.

However, in view of the economic uncertainties at the present time we do not feel justified in writing last year's transfer back to general reserves and investments remain in the balance sheet at last year's values.

On 1st December 1975 we announced a rights issue to raise a further £26.8m, an amount equal to our ordinary share capital. I would like to take this opportunity to express to our shareholders and the institutions our appreciation for the confidence shown by the manner in which this issue was received. This increases our capital base, including the gross capital appreciation in the value of our stock exchange securities, to 63 per cent of our general premium income at the year end. This is a real encouragement for us to pursue the continued expansion of our business for the benefit of the company as a whole that is for policyholders, shareholders and staff.

The difficult economic situation has borne heavily on insurance trading, not merely in the United Kingdom but world-wide. However, it has been and it remains our policy to reserve fully and in advance for any foreseeable deterioration in trading. I believe that the results presented to you today demonstrate the wisdom of this policy and confirm the view expressed in last year's statement that 1975 should produce improved pre-tax profits.

From the detailed comments on the various trading areas which follow you will see that these results are arrived at after setting up every provision for foreseeable circumstances in 1976 which can reasonably be made including, for example, the storms which struck Northern and Central Europe on 2nd and 3rd of January. Insurance profitability is, however, difficult to predict and the only 'prediction' I can make is that we shall do our best to achieve once again an increase in pre-tax profits—over and above the increased investment income which will flow from the increase in shareholders' funds as a result of the rights issue.

LIFE

Sums assured under world-wide new business amounted to £656m (1974 £414m) and annual premiums £10.7m (1974 £7.5m). Single premiums and considerations for annuities amounted to £26.1m (1974 £24.8m).

United Kingdom

In the United Kingdom we achieved a 50 per cent increase in single premiums for immediate annuities and a 55 per cent increase on our new sums assured, mainly in the area of pension business for groups of employees and for the self-employed. The provision of new and improved pension arrangements for employees falls under the Government's pay policy and it is to be hoped that when the current phase ends in July, it will be recognised that retirement benefit schemes fulfil not only a social need in enabling employees and employers to co-operate in provision for old age, but also a valuable economic function in the battle against inflation in the form of the nation's savings.



Mr. Denis Mountain
Chairman and Managing Director

1975 HIGHLIGHTS

* PREMIUM INCOME	£277m (£250m)
* LIFE NEW BUSINESS	£656m (£414m)
* INSURANCE FUNDS	£960m (£880m)
* CAPITAL AND RESERVES	£83.3m (£37.5m)
* INVESTMENT EARNINGS	£26.0m (£21.3m)
* PRE-TAX PROFIT	£26.0m (£20.8m)

Last year's shortfall in market value of the life department assets has now been eliminated and as a result of the annual valuation of the life funds, increased bonuses were distributed to policyholders.

1975 showed a substantial increase in our managed pension funds which we operate through our subsidiary Eagle Pension Funds Limited.

The profits transferred to the shareholders' account of £3.5m (net of tax) show a significant increase on the 1974 amount of £3.1m. The grossed-up value in the profit and loss account of £6.2m shows a somewhat greater growth owing to a change in the rate of tax.

Overseas

In Belgium our life business continues to expand and in Australia the introduction in 1974 of a new range of life policies has proved successful.

In the Near and Middle East we have become associated with a number of companies to promote the development of 'Eagle Living Insurance' and at the present time we are examining other possibilities.

FIRE AND GENERAL

There was an overall underwriting loss, after making substantial extra provisions, of £2.7m (1974 £3.4m).

Premium income now exceeds £200m and we consider that with the increase in our capital base we can significantly increase the amounts retained for our own account. We think it prudent, however, to strengthen catastrophe reserves by a transfer of £1.0m from retained profits.

United Kingdom

Despite the low level of economic activity and the general lack of new insurance business, premium income increased significantly by over 23 per cent and exceeded £100m. A satisfactory profit was earned on the industrial and commercial property account, but in the 'All-In' account the deteriorating experience of 1974 continued further. There are a number of reasons for this, of which underinsurance is the most significant. The problems of underinsurance and establishing proper values have been highlighted by the severe windstorms on 2nd and 3rd January, which will cost the insurance market many millions of pounds. To meet the claims arising from these windstorms we have increased our unexpired risks provision by an additional £1m in our 1975 trading accounts. Other factors affecting the loss in the 'All-In' account are rising building repair costs, an increase in burglary and crime and the cost of subsidence cover given generally by the market a few years ago at no extra premium. Unless the whole market makes a concerted effort to adjust for these factors, the 'All-In' account is likely to remain unprofitable.

Motor business produced a small profit, which was satisfactory in a year when once again the high rate of inflation caused claims costs to escalate sharply. The incidence of claims notified improved, mainly due to the high cost of petrol, the mild winter and the increasing value of the no-claims bonus to policyholders. A number of rating changes are being incorporated in the current year which should assist the profitable expansion of this account. Nevertheless, motor business remains extremely competitive.

Liability premium income increased satisfactorily, primarily because of wage inflation. Claims costs continued to rise as a result of higher court awards. Recent legislation, namely, the Health and Safety at Work Act 1974, which came into effect on 1st April 1975, imposes an even greater duty of care upon employers and this, together with the Limitation Act 1975, will pose an additional burden of cost on employers and insurers.

Bearing in mind the vulnerability of liability business to inflation, it has again been necessary to strengthen the provisions for outstanding claims both known and late

reported. Therefore the small underwriting surplus is considered reasonable.

The accident account consists of burglary, personal accident, pluvius, travel, mortgage guarantee and other miscellaneous classes of business. These classes were unprofitable overall particularly in the personal accident section where premium rates are extremely competitive.

Our engineering subsidiary showed a marginal underwriting loss. Engineering business is highly specialised and the continuing satisfactory development of the account demonstrates the quality of the service we offer.

Operating expenses largely reflect salary costs which in turn result in increased liabilities for pension fund contributions. As a result there has been a significant increase in the total contributions paid in 1975. Furthermore we have periodically to revise the levels of benefit paid to existing pensioners.

All our costs are subject to constant scrutiny and to control the rate of increase strenuous efforts are made to ensure that we continue to receive the maximum benefits from our computer operation. We are most conscious of the importance of maintaining the standard of service to our policyholders.

A new office building has recently been acquired at Aldgate in the City which will house the majority of underwriting staff whose work requires them to be in the City.

Overseas

The improvement in our overall underwriting performance, which began more than two years ago, continued during 1975. To achieve this we have deliberately cut back our premium volumes in the problem areas, preferring to restrict our rate of growth rather than witness an inevitable escalation of losses.

Within Europe, our wholly-owned subsidiary in Belgium, now the second largest of our overseas operations, produced an underwriting loss but this was well exceeded by the substantial investment income derived from its trading activities. We made a small profit in Holland, where two years ago we decided to cease writing motor insurance and in France we recorded a reduced loss.

The situation in Australia remains particularly vulnerable to political, climatic and commercial misfortunes, but our underwriting loss in 1975 was much less than in the previous year. This resulted from the steady elimination from our portfolio of many of the heavy industrial risks and the emphasis placed on the development of simple risks business. An agreement has now been reached with Pearl Assurance Company Limited under which, subject to the necessary consents, Eagle Star will acquire the Pearl shareholding in Australian Eagle with effect from January 1976. This will make Australian Eagle a wholly-owned subsidiary. In New Zealand we reached the conclusion that there were little prospects for profitability. We believe there are too many insurers chasing too little business and accordingly we have concluded an arrangement with the National Insurance Company in New Zealand for them to take over the business of Eagle Star and Pearl from 1st April 1976.

The whole market experienced most disappointing results in the United States and our own experience through our New York agency reflected the marked deterioration in underwriting accounts. However, as we cancelled our West Coast agency in 1972 our involvement in the USA is comparatively small.

We ceased underwriting in Canada at the beginning of 1975 and this account is now running off rapidly with a much reduced loss.

In South Africa the underwriting profit was less than in previous years but we are encouraged by the fact that a significant profit was achieved in a market where results deteriorated badly during the year. In the meantime it is

reassuring to report that remedial action is being taken by the major insurers which we hope will arrest the deterioration.

Within the Caribbean Jamaica has made a small loss but our subsidiary in Barbados has maintained the satisfactory level of underwriting profits.

LONDON FOREIGN RISKS AND REINSURANCE

Foreign risks written in London by our subsidiary Home and Overseas Insurance Company Limited have produced a profit from the closed 1971 underwriting account and the funds for the later years are considered to be adequate.

Our portfolio of international reinsurance treaties continue to increase. The 1974 account closed in 1975, resulted in a small loss but was not seriously affected by catastrophes.

In 1971 we made substantial provisions for outstanding liabilities in respect of the run-off of closed foreign risks accounts written in London. With the fall in value of sterling we have considered it prudent to strengthen the remaining balance of those provisions.

MARINE AND AVIATION

Premium income amounted to £20.0m an increase of 20 per cent. The 1972 account, closed at the end of 1975, produced a satisfactory surplus but, in view of deterioration in subsequent underwriting years, particularly in 1974 and 1975, we have retained the whole of the surplus in the fund. Problems of overcapacity and severe competition have not permitted the necessary increase in premiums.

Wide publicity has been given to several large vessels which have recently become total losses. Whilst these claims are expensive, it is the damage claims that are the main pointer to a profit or loss on our hull account. These claims are particularly vulnerable to the effects of inflation and currency fluctuation, bearing in mind that long delays frequently occur before settlement is made and that more often than not repairs are effected abroad.

The marine and aviation fund at the end of the year amounts to £28.4m, 132 per cent of net premiums.

INVESTMENTS

At the beginning of 1975 our liquid resources were very substantial. During the year the positive cash flow from our trading operations in the shareholders' and life funds produced a further £92.8m for investment and at the year end this was augmented by a further £25.8m, being the net proceeds of the rights issue. Throughout the year this has been invested mainly in fixed interest and equity securities, with a small proportion in fully developed property and agricultural land. Our liquid resources at the end of the year nevertheless remained at a high level.

An increase of 15 per cent in investment income was achieved excluding that arising from our recently acquired investment holding company Grovewood Securities Limited. The proceeds of the rights issue were received at the end of the year and made no contribution to the 1975 result.

GROVEWOOD SECURITIES

I am pleased to report that although trading conditions in industry in 1975 were difficult, the pre-tax profits of Grovewood increased by 12 per cent to £3.7m (1974 £3.3m). This was the eighth year in succession that record profits have been made.

Nearly all the 55 operating companies included in the Grovewood Group performed well. Including appropriate proportions from associated companies, turnover increased from £39.2m to £50.3m with exports increasing from £3.4m to £5.2m.

DIRECTORS, MANAGEMENT AND STAFF

Since I last reported to you we have appointed three new directors, Mr. John Danny, the Chairman of Grovewood Securities, Mr. Evelyn de Rothschild and Sir Robert Clark, all of whom are most valued additions to the board.

Sir Kenneth Keith retired during the year because of increasing business commitments. At the year end, having reached retirement age, Sir Kenneth Strong, KBE, CB, also retired. We shall miss their advice and experience.

The loyalty and the conscientiousness of the management and staff are great strengths of Eagle Star and the results which have been achieved reflect the part played by them all in many various ways. I am extremely fortunate in having such a competent team and, both personally and on your behalf, I should like to thank all the group's employees for their successful efforts.

GKN slightly down but better than expected

PROFITS of GKN's major engineering group, were slightly behind last year, but ahead of what was expected. In the first three months of 1976, the chairman, Mr. Barrie Heath, said yesterday.

However, there were now signs of more movement, with March "quite a lot better than the previous two months." After the recession, things were beginning to stir, though there was no real sign as yet of customers rebuilding stocks in the automotive or fasteners fields. It was difficult to judge whether there was an underlying trend of restocking in steel, since some at least of an upturn in orders in recent months had been in advance of price increases.

Mr. Heath also forecast that the group would undertake capital expenditure of £70m. in 1976, of which some £10m. would be in the U.K. and some £10m. overseas. This compared with £65m. last year, £55m. of it in the U.K. and £10m. on the Continent—as disclosed in Mr. Heath's annual statement with the report and accounts for 1975.

Referring to exports, where the group's aim is to raise the proportion of U.K. turnover exported to 20 per cent. from just under 15 per cent. in 1975, Mr. Heath said: "The fall in the pound has helped. Export is going ahead well. It's ahead of budget and of this time last year. It's on the increase all the time."

Prices of exports were keen. A lot of the orders were from overseas customers, with whom GKN had long connections; their business was looking up, and so accordingly were their orders. GKN's own broad export aim was to concentrate on automotive and commodity products, such as steel.

Of price controls in various countries, Mr. Heath warns in his statement: "Such legislation, if it continues, will further erode margins, so that insufficient funds will be generated for real growth in the future."

Of the large acquisition of the Sachs motor component concern in West Germany, he says: "From a more substantial presence in Europe, we will be able to develop even closer relationships with our immediate offing."

Mr. Heath, in one of the first references to industrial democracy by a member of the Bullock Inquiry committee on the subject, of which he is a member, remarks: "There is too much uninformed enthusiasm to enact legislation as though this could provide a panacea for all our ills. I strongly doubt whether the mandatory appointment of employee representatives to the Boards of our companies, both great and small, would provide any answer to industrial strife and it would certainly be no guarantee of commercial success. I suspect that a great many trade unionists would at heart agree with me."

In line with the group's policy

Clerical Medical investment

IN VIEW of the uncertainties and the differential of gilt-edged over Ordinary shares, the major part of new money arising in 1975 was invested in Government securities, says Sir Robert Black, chairman of Clerical Medical and General Life Assurance Society, in his annual statement.

Clerical Medical had nearly 36 per cent. of the market value of assets in Ordinary shares and property at the beginning of 1975. But the recovery in the stock market allowed it to disperse with the special provision of £20m. set aside last year against unrealised losses.

The result has been to leave the equity proportion of the portfolio at the same level, based on a total of £200m. (£133.1m.) in capitalised market value of Ordinary shares at the year-end was £101m. against £46.3m. a year previously.

Book value of property investments fell by £2m. to £38.3m. due to a particular sale of a development site, rather than any lack of confidence in property. But the company does not feel the same urgency to buy properties as might be the case with less well-established funds.

Total net sums assured, including group life business, exceeded £27m., an increase of 63 per cent. over annual premiums, including those received on

amounted to £2.4m., an increase of 45 per cent. There was a rise of nearly 26 per cent. in the number of new ordinary life policies.

But Sir Robert comments that while pensions business continues at a satisfactory level, it has been adversely affected by fears associated with high inflation and restrictions imposed by the pay policy.

Chairman's statement, Page 23 See Lex

MINING NEWS

Texasgulf plans £153m. outlay

BY MALCOLM DUMPHREYS

THE VAST amounts of finance which are needed for the exploration and exploitation of minerals coupled with the expansion of existing mining operations to meet the world's growing demand for metal is driven home by the chairman of America's Texasgulf, Dr. Charles F. Fogarty, who said at the recent annual meeting that the company has budgeted for a total of \$200m. (£133.1m.) in capital expenditures for 1976.

Texasgulf is the largest American mining company operating in Canada—running the major Kidd Creek base metal mine near Timmins in Ontario—and is effectively controlled by the Canadian Government's Canada Development Corporation.

Part of this year's capital expenditure will be on the Kidd Creek operations with the start of construction of the first 63,000 ton-per-year unit of a 25,000 ton-per-year copper refinery and smelter at the mine. Further development of the No. 3 underground mine and expansion of the Kidd Creek concentrator to increase metal production to 5m. tonnes of ore a year from the current 3.6m. tonnes is also being undertaken.

On Baffin Island, completion of the Navisvik zinc-lead mine and concentrator will make the operation the first commercial mine north of the Arctic Circle in North America. Further work is also intended on the Marandoo iron ore project in Western Australia where the company is partnered by the Hancock-McIntyre interests.

Texasgulf is also involved with the Government of Panama in the exploitation of the Cerro Colorado copper deposit and a cross-cut is now being driven into the orebody for sampling purposes. Exploration work at the Izok Lake copper-zinc prospect in the Northwest Territories indicates a "continued very favourable outlook."

Substantial commitments are also proposed for explorations for oil, gas and other minerals as well as planning for a fifth 170,000-ton-per-year phosphoric acid unit at the Lee Creek, North Carolina, phosphate fertiliser complex.

As recently announced, the company's first quarter earnings fell to \$15.95m. (£10.2m.) or 32 cents (£2.4p) compared with \$20.41m. or \$1 a share for the same period a year ago. Net income for 1975 was \$103.2m. or \$3.77 a share.

ROUND-UP

Australia's Northern Mining says in its latest quarterly report that the development proposal for the Sturtshire iron ore deposit in Western Australia was reviewed

BIDS AND DEALS

Now 21p offer for Ashbourne

Incentive Investments, in an effort to solve the Take-over Panel's longest running headache, is making a £1.55m. bid of 21p per share for the Ordinary capital of Ashbourne Investments.

Central and Sheerwood, after consultation with Ashbourne and with the consent of the Panel, has withdrawn its original bid of 18p of new loan stock or 20p a share in cash.

A major obstacle to the success of C and S's bid was that the cash alternative, on the ruling of the Panel, was not to be made available to the original bidding consortium, which holds 44 per cent. of the shares.

Western Australian Enneabba mineral sands area. In return, IMA can earn a 50 per cent. interest in the AAR groups Eneabba holdings by carrying out exploration over the next two years. Previous drilling has confirmed the presence of low grade heavy minerals in the area.

On the other hand, the AAR group is to take a 50 per cent. stake in International Nickel Australia's holdings in the Western Australian Enneabba mineral sands area. In return, IMA can earn a 50 per cent. interest in the AAR groups Eneabba holdings by carrying out exploration over the next two years. Previous drilling has confirmed the presence of low grade heavy minerals in the area.

It would appear that the end of the road has almost been reached for the old City Deep and Crown Mines gold producers in the Rand Mines Properties group, itself part of the big South African conglomerate Barlows.

The Government Mining Engineer has informed the veterans that they will cease to be classified as assisted gold mines with effect from October 1 this year. State assistance to the group's Consolidated Main Reef ended with the discontinuation of underground mining in August last year.

In the half-year ended March 31, Rand Mines Properties mining operations made a working profit of \$24,000 (£15,000) before state aid compared with a loss of \$333,000 for the same period a year ago. After adjustment for the over provision of repayment of State loans and mining stores written off and a surplus on the realisation of mining assets, the profit for the latest period amounts to \$819,000 compared with \$103,000 previously.

In RMP's annual report for the year to last September it was stated that in the absence of a substantial improvement in the bullion price in the "relatively short" term the prospect was one of reducing operating levels and suspending underground operations.

The termination of State aid to the mines could well be part of the Republic's plans to cut-back on assistance to old mines which could not continue without the hand out. This would produce a consequent saving in revenue at a time when the State's share of mining profits has been hard hit by the fall in the bullion price. Gold closed at \$128 per ounce yesterday.

On balance, the overseas account has forced well, reports Viscount De Lisle. In the U.S., the adverse underwriting experience arose from automobile, general liability and workmen's compensation business. Rate increases generally were too little and too late to reverse the unprofitable trend.

The company recorded good results from its European operation, while in Canada it managed to maintain the improvement of the previous year.

Chairman's statement, Page 29

Overseas setback for Brook St.

PARTLY reflecting the downturn in the Australian and U.S. economies, pre-tax profit of Brook Street Bureau of Mayfair, the office staff agency, fell by 47 per cent. from £1,230,230 in 1975, after £1,111,038, against £585,876 for the first half.

Full year earnings are shown to be down from 9.02p to 4.20p per 10p share. The net dividend total is maintained at 4.20p with a final of 3.09p.

Although the decline in profit is "disappointing," the directors point to the U.K., which historically produces more than 80 per cent. of group turnover, where the full was held at 22 per cent. decline in expenditure, profitability actually increased over 1974 levels, they add, but £12,000 of the cut in profit reflected the downturn in Australia and the U.S.

Turnover 1975 1974
Profit before tax 1,230,230 1,111,038
U.K. 1,050,000 950,000
U.S. 180,230 161,038
Other 100,000 100,000
U.K. 80,000 70,000
U.S. 100,000 90,000
Other 100,000 100,000
U.K. 80,000 70,000
U.S. 100,000 90,000
Other 100,000 100,000

In recent weeks there has been some improvement in the U.K., although the year started as badly as 1975 ended, and they take a more optimistic view than would

meanwhile, the shares at 41p are yielding well above those of Reed, covered just over once.

Chairman's statement, Page 24

Carpets Intl. to improve

Overall, the affairs of Carpets International overseas continues to improve and the chairman Mr. Peter Anderson expects results to be better than last year. Export performance should be good and export sales, so far are well ahead of last year.

U.K. demand so far has been mixed, the chairman reports; January was better than expected, February worse, while March although showing an improvement "had no real substance to it."

He points out that, in times of increasing unemployment, people increase savings and are disinclined to spend until confidence is restored. It is difficult to judge when this may be, he says.

As reported on April 13, turnover rose from £77.42m in 1975 to £82.81m in the 32 weeks to January 3, 1976, but profits decreased from £3.8m. to £2.5m. before tax. The dividend total is 3.51p net (same).

Chairman's statement, Page 25

Westward TV

Net advertising revenue of Westward Television advanced from £1,416,211 to £1,593,478 in the half-year to January 31, 1976, and profit, before tax and Eschequer levy, increased from £234,959 to £290,814.

The chairman, Mr. Peter Cadbury, says it is impossible to make an intelligent forecast of revenue over the second half, but all the signs are that sales will show an increase over the same period of last year.

If this successful trading continues, he hopes that the final dividend will be sufficient to bring the total up to the maximum permitted. The interim dividend is 0.5p net per 10p share (nil).

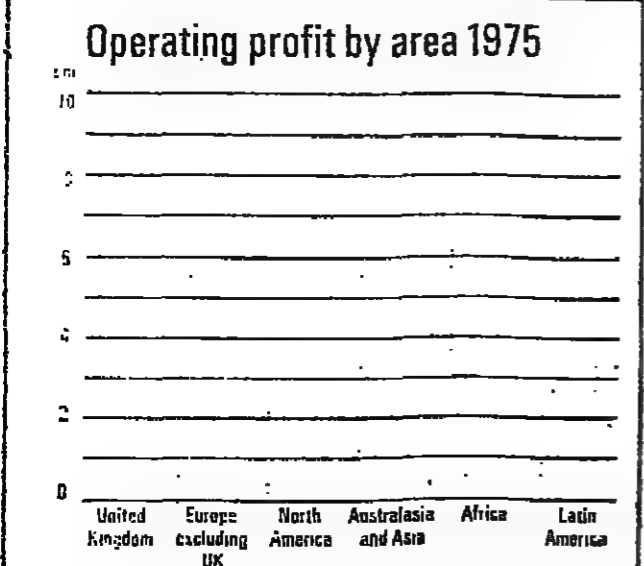
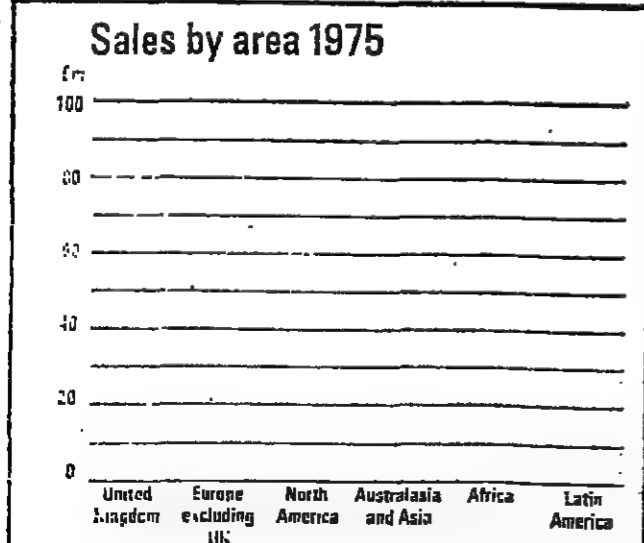
For the year to July 31, 1975 there was a single payment of 1p from a profit of £298,854, compared with 1.32p for 1974-75.

Net advertising revenue 1,416,211 1,593,478
Depreciation 67,800 12,000
Profit 234,959 290,814
Eschequer levy 10,000 10,000
Taxation 105,000 105,000
Net profit 119,959 165,814
Interim dividend 1.32p 1.32p
Related tax credit 24,817 24,817

Reckitt & Colman

Main features of 1975

Sales	up 15.6% to £369.3 million
Operating Profit	up 18.1% to £34.7 million
Profit before tax	up 24.5% to £35.4 million
Profit after tax	up 32.1% to £18.8 million
Earnings per share	up 28.6% to 27.0 pence



The growth in operating profit in 1975 of 18.1 per cent was before taking into account the benefit of exchange differences arising on assets held overseas. Including this benefit, the increase would have been 24.5 per cent. This growth must be measured against inflation, which in the UK was at a rate of 24 per cent. World-wide, however, in those areas where Reckitt & Colman operates, including the UK, the comparable figure was 16 per cent. after taking into account exchange rate movements and after weighting for size of operations. All this was achieved while, through improved financial discipline, total net borrowing was reduced by £8.51 million to £26.10 million.

United Kingdom

The rapid increase in costs arising from the effects of wage inflation and the decrease in value of sterling with its consequential impact on material import costs, made it impossible to restore profit margins to a satisfactory level.

Equally, inflation affected the profitability of exports from our UK factories and the growth experienced in recent years was considerably reduced. Unless the inflationary spiral, only recently somewhat checked, is brought under effective control, the cost of exports from the UK will become increasingly uncompetitive and sterling will continue to slide. The long term effect can only be to reduce our export trade and necessitate manufacture of more products overseas. We have traditionally given priority to exports and we would deplore the necessity for any change in this policy which, in turn, would certainly damage the employment prospects of our UK employees.

Exports from the UK have been included in those areas of the world where the sales were made. Total UK export sales in 1975 amounted to £19.20 million; an increase of 10.0 per cent.



Mr A M Mason, Chairman

Operating profit from these exports, at £1.83 million, was 30.7 per cent down.

Operating profit on our UK trade in 1975 was £6.47 million, compared with £3.70 million for 1974—an improvement, but still not enough to bring it up to that achieved in 1973. However, given the right conditions for trading, the Group's business in the UK is now clearly capable of producing better results.

Overseas

The largest part of the Group's business outside the United Kingdom is in North America. In the United States, R T French's Retail Division more than maintained sales of branded grocery lines. We opened another potato processing factory and absorbed the start-up costs of \$1 million.

In Australia substantial growth was achieved. In terms of local currency, sales were up 21 per cent and earnings up 24.5 per cent. In Continental Europe we did well in most countries, and are soundly based for future development.

In South Africa, sales increased significantly in terms of local currency although inflation restrained operating profit to a modest improvement over 1974. Our trade in Nigeria prospered in a buoyant economy and production facilities there were expanded. In Latin America, all our companies produced extremely good results.

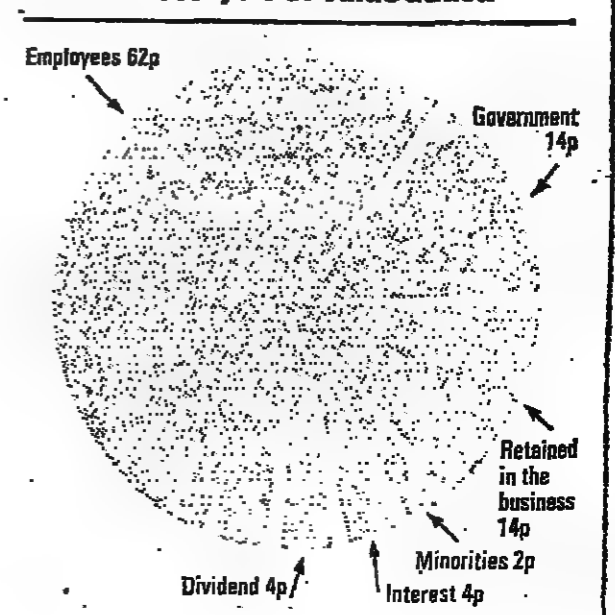
A copy of the 1975 annual report and a copy of "Guide to Good Shopping", which lists Reckitt & Colman's products on sale in the UK, can be obtained from the Registrar, Reckitt & Colman Limited, PO Box 22, Hull HU1 3NY.

One of the main strengths of Reckitt & Colman is that it is truly international. Last year we made 75 per cent of our sales outside the United Kingdom, and we earned 84 per cent of our operating profit from these sales.

Value added

The difference between the value of the sales of our products, and the cost of bought-in materials and services is the value added to the wealth of the communities of the countries in which we operate. In 1975 the value added by Reckitt & Colman was £121.46 million. From this, employees received £75.72 million, government tax on profit will take £16.60 million, banks and minority interests received £6.99 million, leaving £22.15 million, of which £5.39 million will be distributed to shareholders, and £16.76 million will be retained for the development of the business.

Share of every £1 of value added



هكزامن الأرحول

'More doers and fewer talkers'

this is what the country needs

The year 1975 will be remembered as perhaps one of the most difficult and unrewarding years for many a decade.

Looking at our business as a whole the most destructive outside influence is inflation, which affects all countries where we operate, but is especially severe in the United Kingdom.

We all know the correct action that governments should take, but politicians cannot see their way to applying unpopular remedies.

As a result, we and some other countries endanger our future by not tackling the inflationary spiral decisively.

Instead, we see in practical terms even greater public spending and inefficiencies and overmanning in the public

sector, which sap the strength and resources of the nation.

The size of the private sector in the United Kingdom decreases each year.

The United Kingdom has a diminishing manufacturing base—a most dangerous circumstance for any society.

We have too many relying on too few. We need more doers and fewer talkers.

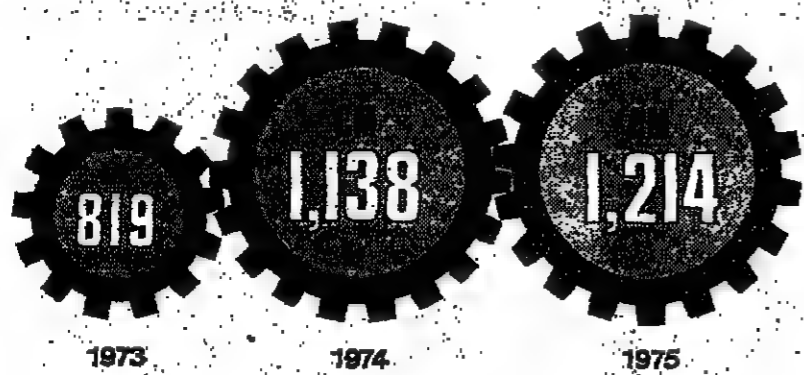
Barrie Heath

Barrie Heath, Group Chairman
In his Statement to the shareholders
in the 1975 Annual Report.

The GKN results 1975

Sales and investment up — profits down

SALES



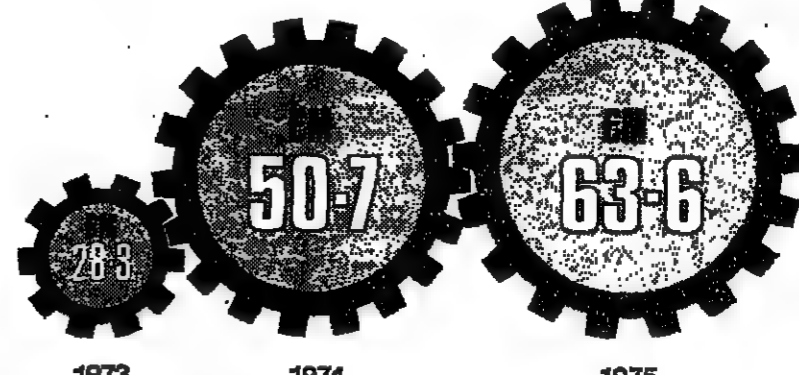
In cash terms sales were up but this was because of inflation — in volume, sales were down. The combination of reduced volume sales and lower profit margins were the main factors contributing to the drop in profits. Direct and indirect exports are estimated at £384 million.

PROFIT BEFORE TAX



Against an adverse economic background of recession, inflation, and consequential unemployment, the Group's strengths were mustered to yield trading results which, whilst not matching the previous record year, were nevertheless a considerable achievement in the circumstances and a credit to the hard work and team spirit amongst all employees.

INVESTMENT



GKN recognises the essential need to invest in new plant and equipment in order to protect the future of the Group and all its employees. In 1975 we spent at a rate of more than £1 million each week — a grand total of £64 million.

and the outlook for 1976

On the economic front there are signs of a revival, already evident in the USA and becoming apparent in West Germany and certain other countries. Economic indicators in the United Kingdom seem to show that the recession may have passed its lowest point. Against this

background our total 1976 results may show a modest improvement over the performance of 1975, although much will depend on realisation of the expected upturn in the second half-year.

For copies of the 1975 Annual Report please write to:-
Guest Keen and Nettlefolds Limited,
Group Headquarters:
P.O. Box 55, Smethwick, Warley, West Midlands B66 2RZ
or to GKN House, 22 Kingsway, London WC2B 6LG



1976
THE QUEEN'S AWARD FOR
EXPORT ACHIEVEMENT

GUEST KEEN AND NETTLEFOLDS LIMITED
BRITAIN'S LARGEST INTERNATIONAL ENGINEERING GROUP

RECENT ISSUES

EQUITIES

Stock	Price	Change	High	Low
1000 F.P.	100.00	0.00	100.00	100.00
1000 F.P.	100.00	0.00	100.00	100.00
1000 F.P.	100.00	0.00	100.00	100.00

FIXED INTEREST STOCKS

Stock	Price	Change	High	Low
1000 F.P.	100.00	0.00	100.00	100.00
1000 F.P.	100.00	0.00	100.00	100.00
1000 F.P.	100.00	0.00	100.00	100.00

"RIGHTS" OFFERS

Stock	Price	Change	High	Low
1000 F.P.	100.00	0.00	100.00	100.00
1000 F.P.	100.00	0.00	100.00	100.00
1000 F.P.	100.00	0.00	100.00	100.00

Memorandum dated 1976.1.1. for the first time of the year, a share price of 100.00 was recorded. This was a significant increase from the previous year's low of 80.00. The share price was maintained at 100.00 throughout the year, reflecting the company's strong performance and the confidence of its shareholders.

COMPANY NEWS

Reckitt and Colman confident of growth

FOR THE future, the directors of the Reckitt and Colman group will continue to plan and provide, as far as possible, for long-term growth, development and profitability, says the chairman Mr. A. M. Mason.

Given the right conditions for trading, the business in the U.K. is now clearly capable of meeting better results, while the directors are confident that the businesses are soundly based and are well placed.

Steps taken in North America should result in further profitable development. There are many problems in Central Africa, particularly in Angola and Zaire, and provision has been made against the possible loss of businesses in these countries.

Mr. Mason says total borrowing should be reduced to £1.5m. by the end of 1976. The group's financial position is strong, with a net worth of £1.5m. and a current ratio of 1.5 to 1.

It is anticipated that all aspects of the proposed offer will be reviewed after publication of the results. National Paragon says that, as a result, there can be no assurance that a tender offer will be made at a price of 100p.

Reckitt has only marginally out-

performed the market this year despite its obvious status as a currency hedge. The accounts naturally make full play of its overseas strength—but they also show Reckitt's improving cash flow control to be gauged with not borrowings last year dropping 25 per cent, and at December representing barely a quarter of tangible shareholders' funds.

There was no increase in net working capital last year, while depreciation and retentions comfortably covered spending on fixed assets. The share yield 3.7 per cent, covered 2.9 times. And the 1976 p/e could be under 12.

£202,000 rise for Feedex

WITH ALL divisions contributing, profits of Feedex have advanced from £243,000 to £278,000 in 1975. Pig production was "particularly beneficial".

The total dividend is 0.67p on capital increased by a rights and subsequent scrip issue. Adjusting for the latter only, the year's total is equal to 1.13p net per 10p share, against 1.04p.

At the year end capital expenditure contracted for was £6.2m. (1974, £5.3m.), and further authorisations came to £1.5m. (1974, £1.5m.). It was also announced yesterday that R. T. French, the main subsidiary in the U.S., and National Paragon Corporation have agreed to postpone consideration of the proposed £17.5m. tender offer, first announced in April, until the end of June.

To obtain necessary clearance from the main R. and C. Board, the Bank of England and the Treasury, French has asked for additional financial information. However, as the annual audit of National Paragon is close at hand, the company feels it would be inappropriate to make such disclosure at the moment.

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covered nearly three times by average earnings.

Statement, Page 27

Reyrolle Parsons progress

SO FAR as the future of electrical engineers Reyrolle Parsons is concerned, the chairman, Mr. J. B. Woodson, believes that provided production targets are achieved without excessive cost increases, the group will continue to make good progress during 1976.

The total order book should ensure capacity working during the year but with many of the group's products, in which the lead time is long, the success of sales efforts in 1976 will have an effect on future years.

The workforce was maintained at a reasonably constant level during 1975 and the directors anticipate continuing to do so during 1976 with the exception of the already planned and accepted adjustments.

Failure to achieve a satisfactory level of orders during the year will lead to a further reduction in numbers employed in the coming years, the chairman points out.

The need for a planned policy of home ordering is vital, he says. The export potential of the British electrical industry is considerable but, in capital equipment, is dependent upon adequate support from the home market.

As reported on April 13, profits before tax for 1975 increased from £4.07m. to £6.99m. and the net dividend is 7p per £1 share (3p).

Eagle Star Insurance expansion

The 1975 report of Eagle Star Insurance shows that the value of the life, annuity and pension fund rose from £599m. to £655m. last year.

Premium income from long-term business amounted to £76.4m., a slight fall from £77.7m. in 1974, while investment income increased by over £7m. to £37.7m. Claims and expenses were nearly £20m. higher at £29.9m. and the overall rise of the long-term funds amounted to £43.8m.

Mr. Denis Mountain, chairman, states that in respect of overseas life operations, business continues to expand in Belgium, while in Australia, the introduction of a new range of policies has proved successful.

The company has become associated with a number of other companies in promoting the development of "Eagle Living Insurance" in the Near and Middle East.

U.K. life business increased 30 per cent in single premiums for immediate annuities and 33 per cent in new sums assured, mainly in the area of pension business for groups of employees and the self-employed.

Mr. Mountain reports that despite the low level of economic activity and the general lack of new insurance business, premium income on the U.K. life and general account exceeded £100m. and showed an increase of 28 per cent.

A satisfactory profit was earned on the industrial and commercial property account, but in the "All-in" account the deterioration in experience continued. The company's measures to control inflation, coupled with improved cost control, contributed to better profitability and greatly assisted in increasing the export workload.

The contribution from the overseas subsidiary and associated companies was again "significant". An indication of the adjustments which could arise under a system of current cost accounting shows a £4.2m. reduction in the cost of sales and an additional £2.13m. charge for depreciation.

There would also be a £1m. gain on net monetary items and a £3.1m. gain on long term loans.

writing loss in Belgium, now the second largest of the company's overseas operations, but this was well exceeded by investment income. There was a small profit in Holland and a reduced loss in France.

In Australia the underwriting loss was much less than in 1974, resulting from steady elimination of heavy industrial risks and emphasis on simple risk business.

Chairman's statement, Page 21

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demand for both sporting goods and packaging plus the start-up costs of three factories, which amounted to more than £100,000. The group reckons that this setback is just a hiccup. However, demand for sporting goods has already started to recover, both in the U.K. and the U.S., while orders for packaging goods are also beginning to pick up.

The sales of the group have continued to soar ahead in the current half-year and with two of the three new factories now contributing to profits some of the pressure must be coming off profit margins which were nearly halved in the first six months to 9 per cent. A full recovery this year may be too much to expect but a profit somewhere in excess of 15m. pre-tax looks a reasonable bet, and this would provide adequate cover (3 times) for a maximum dividend which at 39p should yield 6 per cent.

Chairman's statement, Page 21

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"a substantial vote of confidence... in a year of excessive inflation..."

The One Hundred and Fifty Second Annual General Meeting of the Clerical, Medical and General Life Assurance Society will be held on 12th May 1976 at the principal office of the Society, 17 St. James's Square, London, SW1, Sir Robert Brierley, C.M.G., D.R.E., the Chairman, will make the following statement in moving the adoption of the Report and Accounts.

Directors Mr. J. B. Poyler, who retired during the year from the position of Chief Executive, remains a member of the Board, as does his successor Mr. L. G. Hall. In August 1975 we welcomed as directors two senior executives of the Society, Mr. R. D. Cowley, the Society's Manager, and Mr. A. C. G. Lewis, an Assistant General Manager who has responsibility for Bristol Head Office as well as for general administration.

Life Assurance Business The year under review has once again provided record new business figures. In the recent past, however, we have never been able to report such a substantial advance on the previous year's record as we achieved in 1975. The total new business assured, including group life business, exceeded £38 million, an increase of 12% on 1974. This was achieved on a basis of 100% of the previous year's business, and the increase of 12% was due to a 10% increase in the volume of business and a 2% increase in the rate of premium.

The replacement of Estate Duty by Capital Transfer Tax has given rise to a steady demand for the services of the Society's Personal Financial Planning Department and the sale of its specialised policies. Life assurance provides an excellent means of creating adequate funds to pay this tax when it becomes due, or of assisting in the passing of assets from one generation to the next within the exemptions provided in the Finance Act.

Towards the end of the year new rates of premium were introduced for a whole life non-profit policy, and these were markedly lower than before for large sums assured.

Group Pension Business The growth of the Society's pension business during 1975, and particularly the number of new schemes underwritten, has continued at a very satisfactory level. The total assets of the pension business, these portfolios of investments are managed by the Society under the Pension Fund Management Service have increased substantially. The Society looks to a continued growth in this service. We believe that the high quality of advice that we offer, coupled with the additional benefits which are available if required, will enable us to continue among our customers an increasing number of pension funds.

The market for group pension schemes has, however, been adversely affected by the general economic depression, the rise in interest rates and the restrictions imposed by the Government's policy.

The action of the Government in setting the cost of new improved benefits against the maximum permitted increase in pay of £4 a week has hindered the further development of occupational pension schemes. It is paradoxical that, at a time when the Government is pressing for an increase in the rate of industrial investment, they should find it necessary to stifle one of the main sources from which money for such investment flows. According to present policy, from 31st July 1976 it will only be possible to initiate new pension schemes or to improve existing schemes, if benefits thus provided do not exceed the minimum necessary for "contracting out" of the proposed new State pension scheme. For example, lump sum death payments will not be permitted in new schemes although they are an essential feature of an acceptable occupational scheme.

In the interests of the national economy that restrictions should be removed at the earliest possible time from the continued development of good occupational pension schemes which make a substantial contribution to the welfare both of their members and of the community at large.

Investments The Society entered 1975 with nearly 70% of the market value of its assets in ordinary shares and property, despite the effect of the substantial decline in market values at that time. Just over 50% was held in Government securities, in mortgages and in other fixed interest holdings; the remaining 10% by value was on deposit, although within a month one half of this was invested in Government stocks.

The subsequent quick recovery in the ordinary share market has led to a rise in the market value of the assets, and has allowed us to dispose with the special provision of £40 million set aside last year against unrepaid losses, but, as I said at that time, it is the potential future income from its assets, rather than the present market value, which is of dominant importance to the Society. With prolonged uncertainties ahead, and the immediate need for differential of gilt-edged ordinary shares very wide, the major part of new money arising in 1975 has been invested in Government securities. The result has been that the equity proportion in the portfolio, based on the present higher market value, remains at about the same level as before.

There has also been noteworthy activity within other sectors of the portfolio. Some of the money that was on deposit overseas at the end of 1974 was used to buy overseas securities in the first half of 1975; further funds were made available to the special mortgage schemes; and money was allowed from property was redeployed in United Kingdom ordinary shares.

The sharp rise in the stock market early in 1975, may have reflected relief from the fear that the capital system of the United Kingdom was doomed, but the continuation of the rise into the latter part of the year appeared to be in recognition of the initial success of the Government's monetary policy and the beneficial effect that this could have as a major element in the fight against inflation.

It is to be hoped that the Government will succeed in creating conditions which will attract investment into industry since this alone can lead to a full utilisation of the nation's workforce and an increase in its real wealth. It will be observed from the balance sheet that the Society's property investments decreased by over £3 million during 1975. This does not imply any lack of confidence in the ownership of real property as a method of investment of part of the Society's funds. The decrease is attributable to the sale, at cost price, to a development company of a site in which we were jointly interested and where development appears to us to be unlikely in the foreseeable future.

With its large and well-spread portfolio of properties, the Society does not feel the same sense of urgency to buy properties as may be the experience of some less well-established funds. Although we are continuously searching for good properties, we consider all propositions on their merits and in conjunction with the claims of other forms of investment for our funds. In our view, the biggest disservice that can be done to property investment at the present time is to encourage the buying of secondary property on too low a value basis. There is nothing inherently wrong with secondary property, provided it is not overvalued. Much of the property now on offer is hardly good enough, we believe, to justify the general description of "secondary" with which it has now become fashionable to label it.

Bonus Rates The Society's intermediate rate of bonus, payable on With Profit policies maturing or becoming claims during 1975 has remained unchanged at 14.50%, per annum on sums assured and attaching bonuses, whilst, following the appreciation in assets, the entitlement to terminal bonus has been extended to apply to the full term of participating policies.

On the pension side, the rate of interest credited to the funds within the Pension Contract scheme has been increased with effect from 1st January 1976, and the additional high interest factor, designed to take account of current investment conditions, has been retained.



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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Boardroom quarrel hits White Motor takeover

BY JAY PALMER

WHITE CONSOLIDATED'S planned takeover of financially ailing White Motor is off. Following an apparent boardroom quarrel, a majority of White Consolidated's directors voted to end all acquisition talks late last night, only 24 hours before shareholders of both companies were to have voted on the plan.

This 11th hour collapse of negotiations was ostensibly blamed on the U.S. Justice Department's renewed interest in possible anti-trust conflict and an alleged failure by White Motor to secure "essential" post-merger financing. In fact, it seems more likely that White Consolidated directors rebelled at taking over such a large troubled company.

The deal would clearly have represented a massive gamble for White Consolidated. Last year sales of the two companies were practically identical at \$1.25bn. At the same time, however, White Consolidated's net profit of nearly \$71m, compared

with White Motor's overall loss of \$68.6m. The financial problems of White Motor—aside from the similarity of name there is no existing connection between the two companies—have been known for some time and five weeks ago the company spent out the extent of its crisis. Noting the loss of an exclusive marketing dealership and a downturn in its lorry and farm equipment sales, the company said that its publicised problems have seriously damaged its ability to obtain raw materials on credit.

White Consolidated first proposed a takeover of White Motor in 1970, but that deal was turned down by the Justice Department on anti-trust grounds. In March the Federal Authorities apparently gave approval to the new deal, though still anti-competitive, because White Motor "appears to be a failing company."

Recently, however, the Justice Department said that it had reopened aspects of its investigation into the deal. While this

BY JOHN WALKER

NEW YORK, April 4

BROSTROM, the Swedish shipping group, is considering selling off a number of ships in the near future and has warned the unions concerned of the proposed cutback which would affect about 1,000 employees. An alternative for the company would be to register some of its ships abroad, which would cut down operating costs.

The number of ships which would be affected by the proposal amounts to about 15 out of a total fleet of some 68 ships. The latest move comes after a report that the company made a pre-tax loss last year of Kr.168m. (\$14m.), on a turnover of Kr.1,780m. (\$222m.) compared with a pre-tax profit in 1974 of Kr.159.2m., on a turnover of Kr.1,689m.

No forecast for a return to profitability is made in the annual report for 1975 due to

the uncertainty of the international freight market. But the annual report does point out that after a 10 per cent. drop in the volume of world trade in 1975, an upswing could take place later this year.

Mr. Ingemar Blennow, managing director of Brostrom is reported to have said that the world tanker fleet is suffering from over capacity. Tanker and bulk cargo ships account for about half the value of Brostrom's fleet. Another factor affecting freight is the Soviet Union's policy of "dumping" in terms of freight rate levels. It is claimed. Other causes include the lower wages paid to crews on Liberian registered ships which amount for example, to about Kr.7,000 (\$875) per day, per ship, compared with a similar Swedish registered ship which costs about Kr.16,000 per day.

Inflation accounting at Amoco Australia

BY JAMES FORTH

SYDNEY, May 4

AMOCO AUSTRALIA, the local offshoot of the U.S. giant Standard Oil Co., today declared record earnings of A\$7.35m. for 1975 compared with a profit of A\$6.93m. in 1974. The profit announcement came one day after the rejection of a joint offer from the Australian petroleum group, Amco Petroleum and H.C. Sleight, to buy out Amoco's operations in Australia. Amoco said that it believed that the 1975 profit improvement would continue through 1976, if wage demands and general cost increases were kept within reason and price increases could be made to offset any rises in costs.

The latest result was after including a A\$352,000 currency exchange gain (1974—A\$688,000) and a net profit on sale of fixed assets of A\$55,700 (1974—A\$48,500 loss). It was also after tax of A\$6.5m. compared with A\$4.1m. in 1974. In addition, the company had been assessed an additional amount of A\$1.5m. tax related to the year from 1981 to 1975. The position is still uncertain regarding 1974 and 1975.

The Kuwait deal is the first of its sort. Turkey has concluded with an Arab state, observers point out. Sources say that Turkey is considering selling bonds to other friendly Arab states like Saudi Arabia, Libya and Iraq for other projects.

The Turkish-Iraqi pipeline is scheduled to be completed next winter.

price approvals in 1974. Total refined product sales for 1975 were 280m. gallons, which was 9m. gallons less than in 1974. The decrease was due to lower sales of diesel and furnace oil because of the downturn in manufacturing industry.

In addition to reporting its results on historical cost accounting methods, Amoco has prepared a set of supplementary accounts for 1975 based on current value accounting to allow for the effects of inflation. Under this method depreciation rose sharply because of revaluation of assets in replacement cost, reducing the 1975 profit to A\$3.18m.

Under current value accounting total funds employed rose from A\$50.7m. to A\$118.2m., largely through a A\$41.9m. increase in the valuation of the company's oil refinery near Brisbane.

Current value methods would have given a return of 3 per cent. on funds employed compared with the return shown on historical methods of 8.8 per cent.

Amoco said its exercise highlighted the difficulty of obtaining an adequate return on investments in an inflationary period.

The practical acceptance of price approving authorities of these difficulties needed to be fully recognised.

The preparation of the supplementary accounts set a current value on the assets which Amoco and Sleight had sought. It was previously suggested that Amoco wanted a price around A\$100m. before it would consider selling, but that the two companies offered considerably less.

Changing positions in the U.S. 500

By Jay Palmer

NEW YORK, May 4. THE DISMAL earnings and sales record of the 500 largest U.S. industrial companies last year provided an ironic contrast to those same companies' excellent stock market performance, according to Fortune magazine's latest issue.

Sales of the 500 rose only 3.9 per cent. (before adjustment for inflation) while profits fell 2.2 per cent. to give the severest earnings decline for 17 years. At the same time, however, Fortune noted that the median total return to investors—dividends plus capital appreciation—rose to a huge 31.23 per cent. on Wall Street's sharp recovery.

Ranked by dollar sales, Fortune noted that Exxon retained its position as the largest U.S. industrial company. General Motors, which sold two years ago had been the largest, took second place again, followed by Texaco which managed to push past Ford into third place.

Other big changes in ranking involved International Business Machines which increased sales by nearly 14 per cent. and thus shot past both General Electric and Gulf to become number seven in the big league.

Procter and Gamble moved up nine places to become number 18, while General Foods advanced 13 places to be ranked number 44.

Noting that the sharp overall profits decline of the 500 owed much to the setback in oil companies, the issue pointed out that the list of money losers rose from 21 in 1974 to 28 last year. Singer, which wrote off its unprofitable business machines division, headed this category with the single biggest loss in the history of the 500—a \$U\$451.9m. deficit.

Swan Brewery shows profits ahead by 21%

By James FORTH

SYDNEY, May 4

SWAN BREWERY, Western Australia's sole brewer, boosted profits by 21.5 per cent. from A\$5.98m. to a record A\$7.17m. in the year to March 31. The profits were earned on a 25.3 per cent. lift in sales from A\$100m. to A\$125.7m.

The directors have decided to add an extra cent bonus to the dividend, lifting the payout for the year from 7.5 cents to 8.5 cents.

The only explanation provided by the Board for the stronger showing was that the latest year had one more week than in 1974.

Amoco treated a loss of A\$670,000 relating to its new A\$50m. brewery project as an extraordinary item.

USSR coming to market for \$250m. Euroloan

BY MARY CAMPBELL

THE Soviet Foreign Trade Bank is planning to raise \$250m. for five years on the Euroloan market, banking sources said yesterday. The spread on a loan is expected to be 14 per cent. and the lead manager The Bankers Trust International.

It is understood that a management group for the loan is currently being put together but that it will not go into syndication until after the \$800m. loan for the Moscow-based International Investment Bank has been signed.

In the first ever Euroloan borrowing by Puerto Rico, the Government Development Bank has arranged a \$140m. five year loan. The loan offers lending banks a spread of 14 per cent.

Puerto Rico has hitherto relied on the New York capital market for its medium and long-term funds. This loan is intended to be the first of a series of non-American financings. Mr. Alfredo Salazar, the President of the Government Development Bank said in London yesterday capital.

Bayerische maintains its winning streak

BY NICHOLAS COLCHESTER

BONN, May 4

BAYERISCHE Landesbank continued its winning streak in 1975 with an increase in after tax profits of no less than 51 per cent. to DM118m. For the second year running, the bank was able to double its payments almost into its own reserves to DM92m. But at the same time BL is paying an increased dividend of 11 per cent. on a nominal capital of DM400m.

As with the rest of the German banking industry, the driving force behind Bayerische Landesbank's success last year was

Good start at Swissair

BY JOHN WICKS

ZURICH, May 4

INITIAL FIGURES for Swissair for this year have been considerably above both previous years' results and above targets for 1976. The airline's president Armin Battenweiller in Zurich, Tonne-kilometres sold were up 18.7 per cent. for the first quarter and income by 13.4 per cent. Swissair has a target for the year as a whole of traffic up by 5 per cent. and turnover by 3 per cent. on 1975. With regard to procurement

there were "good sales chances" for the Airbus A-300 as a replacement of the DC-9 in the late seventies on the airline's European routes, since it seemed doubtful whether Boeing or McDonnell would be able to construct a new, 200-seat European aircraft in the near future.

Longer distances, he said, Swissair would consider the B-747 or a longer version of the DC-10 in the future, should the 260-seat DC-10 aircraft prove too small. However, Swissair excluded the possibility of using supersonic aircraft "as long as the essential demand for sufficient range and a reduction of operating costs are not met." Battenweiller added that there had been no decline in first-class seat occupation to Rio since the start of the Concorde service there.

Setback at Sprecher

By John Wicks

ZURICH, May 4

THE CASH FLOW of the Sprecher & Schuch electrical engineering group dropped sharply from Sw.Frs.31m. in 1974 to only Sw.Frs.5m. last year, despite a rise in group turnover from Sw.Frs.350m. to Sw.Frs.405m. due primarily to the purchase of the Belgian company Electrelec Industrielle Belge. The market decline in profitability was the result of the fall in home demand for low-voltage components, in increased price pressure, monetary difficulties and the losses sustained by German and Belgian subsidiaries.

The parent company, Sprecher & Schuch AG of Aarau, is still booked a reduction of profits of Sw.Frs.2m. (Sw.Frs.4.6m.) and recommends a reduction of dividend for the year from Sw.Frs.78 to Sw.Frs.40 per share.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	CONVERTIBLES	Bid	Offer
Ashland 1980 1975	102 1/2	104 1/2	Amstar 1980 4 1/2	97 1/2	99 1/2
Ashland 1980 1976	102 1/2	104 1/2	Ashland 1980 1978	91	93
Amstar 1980 1975	102 1/2	104 1/2	Amstar 1980 1979	94	96
Amstar 1980 1976	102 1/2	104 1/2	Beattie 1980 4 1/2	102 1/2	104 1/2
Amstar 1980 1977	102 1/2	104 1/2	Borden 1980 1982	87	89
Amstar 1980 1978	102 1/2	104 1/2	Beattie 1980 4 1/2	102 1/2	104 1/2
Amstar 1980 1979	102 1/2	104 1/2	Canon Camera 7 1/2	102 1/2	104 1/2
Amstar 1980 1980	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1981	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1982	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1983	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1984	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1985	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1986	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1987	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1988	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1989	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1990	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1991	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1992	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1993	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1994	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1995	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1996	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1997	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1998	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 1999	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2000	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2001	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2002	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2003	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2004	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2005	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2006	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2007	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2008	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2009	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2010	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2011	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2012	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2013	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2014	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2015	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2016	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2017	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2018	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2019	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2020	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2021	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2022	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2023	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2024	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2025	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2026	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2027	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2028	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2029	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2030	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2031	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2032	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2033	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2034	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2035	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2036	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2037	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2038	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2039	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2040	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2041	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2042	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2043	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2044	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2045	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2046	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2047	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2048	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2049	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2050	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2051	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2052	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2053	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2054	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2055	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2056	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2057	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2058	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2059	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2060	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2061	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2062	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2063	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2064	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2065	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2066	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2067	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2068	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2069	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2070	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2071	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2072	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2073	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2074	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2075	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2076	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2077	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2078	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2079	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2080	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2081	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2082	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2083	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2084	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2085	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2086	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2087	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2088	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2089	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2090	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2091	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2092	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2093	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2094	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2095	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2096	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2097	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2098	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2099	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2100	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2101	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2102	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2103	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2104	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2105	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2106	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2107	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2108	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2109	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2110	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2111	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2112	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2113	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2114	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2115	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2116	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2117	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2118	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2119	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2120	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2121	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2122	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2123	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2124	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2125	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2126	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2127	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2128	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2129	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2130	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2131	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2132	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2133	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2134	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2135	102 1/2	104 1/2	Canon 1980 1987	79	81
Amstar 1980 2136	102 1/2	104 1/2	Canon 1980 1987	79	

INTERIM STATEMENT

RMP

Rand Mines Properties Limited

(Incorporated in the Republic of South Africa)

Consolidated Profit

The unaudited consolidated results of Rand Mines Properties Limited and its subsidiaries for the six months ended 31st March 1976, together with the results for the same period last year and the audited results for the year ended 30th September 1975 are:

	Six months ended 31 March 1976	Six months ended 31 March 1975	Year ended 30 September 1975
Turnover*	R15 422 000	R17 747 000	R33 908 000
Profit before taxation	2 841 000	2 812 000	4 943 000
Taxation	514 000	512 000	1 108 000
Profit after taxation	2 327 000	2 300 000	3 835 000
Profit attributable to outside shareholders in subsidiaries	188 000	26 000	278 000
Consolidated profit after taxation	R2 515 000	R2 274 000	R3 557 000
Dividends declared and paid	Nil	Nil	R1 498 000
Number of shares upon which earnings per share are based	11 532 000	11 522 000	11 532 000
Earnings per share based on consolidated profit after taxation	25.7 cents	19.7 cents	30.9 cents
Dividends per share	Nil	Nil	13 cents
*Turnover includes property sales, limited where applicable to the proportion of sales received in cash from which profits have been taken, rentals, sales of gold, farm crops, timber and other trading operations.			
Profit before taxation includes:			
a) Profit from the sale of property (Note 2)	R1 845 000	R2 223 000	R3 080 000
b) Profit from mining operations comprising:			
Working profit (loss) from mining operations	34 000	(533 000)	(730 000)
Taxation and lease exploration	(3 000)	—	(125 000)
Provision for dump vegetation	—	(80 000)	(244 000)
State assistance receivable (Note 1)	475 000	639 000	1 292 000
Provision for repayment of state loans (1975 adjustment of over provision)	(58 000)	127 000	127 000
Surplus (deficit) on realisation of mining assets	345 000	(40 000)	(180 000)
Adjustment of over provision for mining stores written off	72 000	—	16 000
Profit from mining operations (Note 1)	R519 000	R103 000	R136 000

Notes:

- The Government Mining Engineer has informed City Deep Limited and Crown Mines Limited that they will cease to be classified as assisted gold mines with effect from 1st October 1976. State assistance to Consolidated Main Reef Mines and Estate Limited ceased upon the discontinuance of underground operations.
- Profit from the sale of property does not occur in a regular pattern and the profits earned in the six months ended 31st March 1976 includes the settlement of two major expropriations.

Dividends

It is the policy of the company to declare one dividend in November each year.

For and on behalf of the Board

G. H. Bulterman

A. B. Hall

Directors

Registered Office
 Old Main Reef Road,
 Crown Mines,
 Johannesburg 2001,
 South Africa

4th May, 1976

COMPANY NEWS

Prudential's £151m. net new U.K. investment

NET NEW investment in the U.K. by Prudential Assurance for 1975 amounted to £151m., nearly three times the unusually low level of 1974.

Investment in gilts totalled £66m. but the company reduced its holdings in other fixed-interest stocks. The "Prudential" increased its U.K. equity holdings last year, principally in supporting rights issues, but this was offset by the sale of £10m. of overseas equities, the proceeds being used to repay certain foreign currency loans.

The company invested £250m. in properties, acquiring some first class holdings on favourable terms.

Premium income on the ordinary life fund rose by £56m. to £359m. and investment income by £33m. to £175m. There was released a sum of £51.8m. as part of unrealised margin of investment over balance sheet values and an increase in value of investments related to linked business of £18.4m.

Claims and expenses jumped by over £20m. to £291m., leaving an excess of income over outgo of £286m. for the year. The fund at the end of the year stood at £1.67m. compared with an adjusted value of £1.51m. at the beginning.

In the industrial branch, premium income was £10m. higher at £122m. and investment income was also £10m. up at £76m. Claims, expenses and tax increased by £14m. and the excess of income over outgo amounted to £57m. compared with £37m. in 1974.

The fund at the end of the year amounted to £205m. compared with an adjusted value of £181m. at the beginning. Expense in 1975 rose to 42.5 per cent. from 37.2 per cent. the previous year.

Total premium income in the general branch showed an increase of £25m. on the year to £216m. and the gross underwriting loss (already reported) was £2.8m. (£3.1m.). Gross investment income (including interest on the rights issue money) was £15.1m. compared with £10.5m. in 1974. The amount transferred to profit and loss last year was £7.3m. against £4.8m. for the previous year.

Book value of group investments at the end of 1975 amounted to £3.585bn. (£2.515bn.) and total group net assets were £3,906bn. (£3,070bn.). Market value of all tangible assets was £4,196bn. (£3,130bn.).

Mr. Ronald Owen, chairman, refers to the proposed changes in the organisational structure within the U.K. A substantial need for industrial branch insurance still exists, but this service is labour intensive. There has been a steady rise in the level of inflation and also a gradual contraction in the number of homes at which agents collect premiums. Mr. Owen refers to the passing last year of the Social Security Pensions Act and the consequent decision of employers as to

whether or not to contract out. The consideration of the company is that, as a result of the safeguards that have been introduced, contracting out could be worthwhile and merits serious consideration, except for the smallest groups.

Meeting, 142, Holborn Bars, E.C. May 27 at 12.15 p.m.

Chairman's statement, Page 35 See Lex.

Collett Dickenson improves

TURNOVER OF advertising agency, Collett, Dickenson, Pearce International, increased from £21.52m. to £24.71m. in 1975, and pre-tax profit advanced from £222,854 to £251,087, after £220,716, against £215,925, for the first half.

And the directors report that "current trading is good". The dividend is lifted from approximately 2.454p to 2.6503p net per 10p share with a final of 1.3835p—the maximum permitted.

Turnover: £24,710,000 (1975) £21,520,000 (1974)
 Pre-tax profit: £251,087 (1975) £222,854 (1974)
 Taxation: £25,109 (1975) £22,854 (1974)
 Profit after tax: £225,978 (1975) £200,000 (1974)

Black and Edgington well placed

1975 was a year of re-orientation for the camping and leisure wear group Black and Edgington, states the chairman, Mr. R. G. Duthie, and he is confident that the group is well placed to move strongly ahead in 1976. Sales for the first quarter confirm this feeling, he tells members.

Production is being substantially increased in the camping division to cope with the additional requirements of both home and export markets, says Mr. Duthie.

As reported on March 26, turnover was £18.78m. for 1975 compared with £21.12m. for the previous 15 months. Pre-tax profit came to £1.35m. (same) and the dividend in the maximum permitted 5.625p net against 6.47p for the previous period.

The group has recently arranged a £1.5m. ten-year loan facility from FCI. This will be taken up over two years and will bear interest at 2 1/2 per cent. over the six-month inter-bank rate.

Meeting, 21, Tothill Street, SW on June 2 at noon.
 Chairman's statement, Page 25

Progress at Smith & Nephew

EXTERNAL sales by Smith and Nephew Associated Companies advanced by 15.2 per cent. to £31.89m. in the 12 weeks to March 27, 1976, compared with the same previous year period, and group taxable profits improved by 3.3 per cent. to £2,956,000.

After tax and minority interests, net attributable profit for the 12 weeks was £1,601,000 compared with £1,553,000.

External sales: £31,890,000 (1976) £27,690,000 (1975)
 Operating profit: £2,956,000 (1976) £2,800,000 (1975)
 Taxation: £251,087 (1976) £222,854 (1975)
 Profit after tax: £2,704,913 (1976) £2,577,146 (1975)

comment

The main point of interest in Smith and Nephew's first-quarter results is the 42 per cent. fall in associates, which reflects the continued poor performance of British Tissues. With excess production capacity in the industry, the likelihood of any recovery here in the current year is slim.

Excluding associates, the first-quarter trading gain is 4 per cent. An 8 per cent. drop in interest charges, because of lower interest rates and marginally reduced borrowings, leaves pre-tax profits 8.3 per cent. higher. Within the group, plastics and Gals remain depressed; the latter has still to see the benefits of the recent reorganisation and the current big sale campaign. So S and N will have to depend on its other divisions, which are holding up well, for any growth this year.

The shares fell 3 1/2p to 35p, which capitalised the company at £77m. against net worth of around £67m.

ANIMAL FEEDS. PIG PRODUCTION.

FEDEX

AGRICULTURAL EQUIPMENT MANUFACTURERS.

RECORD GROUP SALES AND PROFITS

	£000	1975	1974	1973
Group External Sales	11,610	10,108	7,260	
Profit before tax	787	585	468	
Taxation	425	308	234	
Minority interest	40	24	18	
Profit after tax and minority interest	322	253	216	

Feedex Limited, Burstwick, Hull

Instituto de Resseguros do Brasil

The Reinsurance Institute of Brasil

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Instituto de Resseguros do Brasil handles all the reinsurance business placed in Brasil and expansion has brought us to Britain. IRB's integrity and wealth of experience is well known throughout the insurance markets of the World.

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 Telex 38 2121019
 Cables IRBR BR

London Office:-
 14 Fenchurch Avenue, EC3
 Telephone 01-488 4643,
 01-481 4208 Telex 885469
 Cables BRASIRB LONDON

Consolidated Annual Financial Statement as at 31st December 1975

	£	£	£	£
Capital & Reserves				
Issued and paid-up capital	13,792,578			
Reserves—including statutory inflation adjustment	14,381,029			
Unappropriated surplus	6,322,925	34,896,532		
Reinsurance Funds		40,791,003		
Current Liabilities Provisions and other Reserves				
Federal Government funds	16,608,355			
Special purpose funds	2,341,531			
Local currency deposits retained from insurers	35,663,939			
Foreign currency deposits retained from insurers	27,081,158			
Balances due to Ins. companies	20,038,893			
Sundry provisions and other balances	8,492,057	109,285,933		
		£184,713,466		£184,713,466
Fixed Assets				
Land and buildings	2,768,056			
Furniture, equipment, etc.	730,970			
Statutory inflation adjustment	3,498,986			
Less Accumulated depreciation	(1,265,221)			
Investments and Loans				
Treasury Bonds	12,507,099			
Other Securities	107,184,311			
Fixed term deposits	16,658,771			
Statutory Loans	—	136,849,183		
Statutory Deposits				12,023,475
Current Assets				
Deposits retained by insurers	3,476,062			
Balances due by insurers	15,906,223			
Sundry balances	1,851,912			
Cash at Bankers and in hand	9,284,934			29,721,151
				£184,713,466

Consolidated Income and Expenditure Statement for the year ended 31st December 1975

	£	£	£	£
Premiums-Net		84,138,325		
Investment income	20,029,901			
Financial income	5,617,262	25,647,163		
Other income		1,871,194		
		£111,656,882		£111,656,882
Commission-Net			19,487,983	
Claims-Net			26,472,534	
Technical Reserve adjustments-Net			10,418,710	
Investment expenses	350,264			
Financial expenses	10,282,605			
Management expenses			9,967,091	
Statutory Appropriations including Taxation			78,151,490	
Unappropriated Balance as per Balance Sheet			6,522,925	
			£111,656,882	
To guarantee its reinsurance operations, not only in Brasil but also abroad, the IRB can rely on the following specific resources:				
Capital & Reserves	28,173,607			
Additional Operation Fund	16,540,010			
Foreign Currency Deposits	27,081,158			
Total	£71,794,775			

Incorporated in Brasil with Limited Liability

Capital & Reserves 28,173,607
 Additional Operation Fund 16,540,010
 Foreign Currency Deposits 27,081,158
 Total £71,794,775

Overseas orders lead revival in business

THE CORNER of the industrial recession in the U.K. has been turned, according to a Confederation of British Industry survey. Manufacturing output is on the increase, even in the depressed capital goods sector. Rapid shedding of labour appears to have ceased. And there are particularly encouraging signs reported in the trends for export orders.

This broadly optimistic picture of a steady but potentially sustainable economic revival engineered by export growth and an end to destocking is painted by the latest of the CBI's authoritative quarterly "Industrial Trends Survey."

The latest survey, based on replies to questionnaires sent out last month, is of special importance in that it is the first to test the validity of the growth in business confidence recorded by the CBI over the last four or five months.

In general, it shows that the optimism expressed for the short-term future by companies at the beginning of the year has been justified by their experience of orders and output trends since then.

For the immediate future, the survey suggests that the revival in activity and confidence—albeit from an exceptionally low base—is gathering pace and contains some particularly hopeful elements.

The fact that the upturn has been led by the combination of a rapid rise in export orders and an end to destocking, rather than by a revival in domestic demand as in the past, is regarded by the Confederation as of considerable importance in providing a firmer base for the upturn.

Added to this are the indications given in the survey that the capital goods sector is reviving much earlier than usual at this phase in the business cycle, while the trends in corporate liquidity are also broadly encouraging.

Below capacity

But the positive balance of companies experiencing more orders and more optimism about the future has to be set against the extremely depressed levels of the latter part of last year, the CBI says.

In particular, it points out that more than three-quarters of companies are working below capacity and that only a tiny minority expect lack of capacity to limit output over the future.

Shortage of orders still remains by far the most commonly cited reason for companies believing that output will be limited over the next four months.

The inquiries suggest that further labour shedding may still go on during the year, although at a much lower pace than last year. And most companies still expect investment authorisation on new buildings to be lower in the next 12 months than in the last year, implying that the year will see a substantial fall in capital investment.

The survey further shows that companies see little sign of any real easing in cost pressures

despite the success of the current 5% pay policy.

The theme of cautious optimism is seen with surprising little variation through most of the major sections of manufacturing industry and on most of the key economic factors which respondents were asked their opinion.

The survey, which carefully weights its results by the relative importance of the companies questioned, draws its conclusions from the "balance"—the difference in the percentage of companies answering in one direction over another—of companies responding.

At the broadest level of optimism about the general business situation, a positive balance of 24 per cent. of companies expressed more optimism rather than less.

This compares with a balance of 10 per cent. recording more confidence in the CBI's previous survey carried out in January and following in two years in which the average balance of 43 per cent. of companies expressed greater pessimism about the business situation in 1974 and 1975.

The optimism was felt among most sectors and through companies of differing sizes and in the past has tended to prove a fairly accurate indicator of how activity itself would be moving.

A major exception to this was the drinks and tobacco sector, where there continued to be widespread pessimism. But optimism was surprisingly strong in the capital goods sector and as could be expected in a revival led by export demand for consumer durables, paper and printing, electrical engineering and chemicals all showing marked recovery in confidence.

The growth in confidence is backed by the more favourable trends in new orders and in output among companies. A balance of 24 per cent. of companies report an increase in the value of new orders in the past four months—the most favourable figure for two years—with larger companies, producers of consumer and intermediate goods and chemical and textile companies showing the most rapid growth.

While replies in value terms obviously reflect part of the inflation in prices, a positive balance of 8 per cent. of companies recorded for the first time in a year an increase in the volume of production over the last four months and a balance of 26 per cent. expected a rise in volume output over the next four months.

Among the broad industry groups, only food, drink and tobacco and, to a lesser extent, mechanical engineering offered perceptibly weaker forecasts. But even in these two groups more companies predicted an output rise rather than a fall.

Two major factors inducing these favourable trends are clearly brought out by the survey as an end to widespread de-

stocking and a rapid growth in export orders.

On balance, 5 per cent. of companies reported lower stocks of raw materials and bought in supplies over the past four months compared with the average balance of 23 per cent. reporting this in previous surveys—suggesting that destocking has slowed down very considerably. A balance of 9 per cent. now expect to increase stocks of supplies over the next four months, the first positive balance since October 1973.

Little change is reported in stocks of finished goods, but a small balance of 3 per cent. did expect an increase over the short term.

While the end to destocking suggests that the recession does seem to be over, the most formidable vehicle for rise in orders does now seem to be in the export field.

In one of the most optimistic results since the series of quarterly surveys was first introduced in 1961, the CBI records that a balance of 28 per cent. of companies expressed more optimism about export prospects for the next year.

Increasing optimism was particularly widespread in the consumer goods sector and among the industry groups in metals and metal manufacture.

Bearing out the expectations expressed in the last survey, a balance of 25 per cent. of companies recorded an increase in the intake of export orders in the past four months and a balance of 40 per cent. reported an increase in export deliveries.

New export orders have been particularly buoyant among producers of consumer goods and there is also emerging an improvement, if slower, at the heavier end of industry.

A balance of 44 per cent. of companies expect an increase in the value of new export orders over the next four months and a balance of 49 per cent. expect an increase in export deliveries.

More than half the companies answering the questionnaire recorded higher prices for exports and, reflecting the devaluation of sterling, there was a slight drop to 48 per cent. in line with past trends—of companies expecting new orders to be limited because of U.K. price competitiveness with overseas suppliers.

Looking at the factors which may restrain the economic upturn, the survey finds the majority of companies citing lack of orders to fill capacity and only a few companies suggest that lack of capacity or lack of money is acting as a restraint.

A balance of 78 per cent. of companies, the survey says, are working below capacity suggesting only a slight improvement from the 78 per cent. reporting this in the January Survey and an average still well above the level of 58 per cent. through the 18-year series of surveys as a whole.

In four sectors—mechanical engineering, electrical engineer-

Details of trends

TOTAL TRADE—1985 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last January.

Are you more or less optimistic than you were four months ago about the general business situation in your industry?

More	Same	Less
24 (32)	55 (46)	19 (12)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:

More	Same	Less	
(a) Buildings	20 (23)	38 (34)	12 (10)
(b) Plant and machinery	41 (25)	32 (34)	1 (56)

Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)?

Yes	No
76 (78)	22 (20)

Approximately how many months' production is accounted for by your present order book or production schedule?

Less than 1	1-3	4-6	7-9	10-12	13-18	19-24	25 or more
12	4	4	2	2	2	2	22

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Numbers employed

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
12 (10)	44 (31)	17 (11)	62 (55)	21 (21)	1 (1)

Value of total new orders

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
44 (31)	20 (1)	49 (35)	15 (14)	4 (4)	1 (1)

Value of output

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
33 (32)	34 (16)	5 (31)	46 (58)	11 (11)	3 (1)

Value of domestic deliveries

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
45 (32)	15 (1)	52 (37)	19 (1)	1 (1)	1 (1)

Stocks of:

Raw materials and brought in supplies	Finished goods						
24 (43)	25 (25)	28 (27)	2 (2)	35 (16)	15 (2)	15 (13)	2 (2)

Average costs per unit of output

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
15 (1)	1 (1)	15 (16)	1 (1)	1 (1)	1 (1)

Average prices at which domestic orders are booked

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
34 (37)	4 (2)	66 (62)	30 (3)	2 (2)	2 (2)

Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago?

More	Same	Less
40 (32)	49 (46)	12 (13)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Value of new orders received for exports

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
46 (37)	31 (24)	30 (3)	43 (43)	9 (13)	3 (4)

Value of export deliveries

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
54 (30)	14 (1)	39 (31)	18 (1)	1 (1)	1 (1)

Average prices at which export orders are booked

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
57 (30)	34 (43)	3 (8)	59 (36)	3 (4)	2 (2)

Value of new orders received for exports

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
46 (37)	31 (24)	30 (3)	43 (43)	9 (13)	3 (4)

Value of export deliveries

Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
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Trend over past four months	Expected trend over next four months				
Up Same Down N/A	Up Same Down N/A				
57 (30)	34 (43)	3 (8)	59 (36)	3 (4)	2 (2)

APPOINTMENTS

Burnett & Hallamshire Group

Mr. N. F. Swales, chairman of BURNETT AND HALLAMSHIRE HOLDINGS, has relinquished the post of group managing director and also that of chairman of the subsidiary Boards and has assumed the title of group executive chairman. The group's financial director, Mr. George Helsby, has been appointed managing director, while retaining overall responsibility for the group's financial affairs.

Mr. P. J. W. Shuttleworth and Mr. R. J. Layland have been appointed directors of N.S.M. and Mr. S. R. W. Williams, managing director of Hallam Polymers and Engineering, have been appointed chairman of their respective Boards. Mr. J. M. Slater, managing director of H. Camm and Co. and a director of Hallamshire Industrial Estates, has been appointed chairman of both companies. Other Burnett and Hallamshire Holdings appointments include Mr. T. Lowe to the Board of Hallamshire Industrial Estates, and Mr. J. Beighton and Mr. P. M. Cole to the Board of H. Camm and Co.

Mr. Carlisle Pratt has been appointed a director of MATTHEW HALL ENGINEERING. Since 1967 Mr. Pratt has been responsible as a director for the contract accounts for the Black Sea and Baltic and cost control departments. Mr. Stan F. Holden and Mr. Frank D. Thomas have been appointed directors of the company. Mr. Holden has been appointed to the Board of estimator since 1967 and Mr. Thomas procurement manager and H. Hogarth and Sons since 1971.

Mr. John N. MacLean has been appointed to the Board of divisional directors of the company. Mr. MacLean has been appointed to the Board of director since 1967 and Mr. Thomas procurement manager and H. Hogarth and Sons since 1971.

Mr. W. W. Healey has been appointed a finance director of W. H. BAILEY AND CO. an ICI subsidiary. He became secretary of the company in 1970, the post he held prior to his appointment to the Board.

Mr. A. Foulkes has been appointed managing director of WILTSHIRE SHOPPING. Foulkes started 12 years ago as a setter out and has worked his way up through the company, a director since 1964, succeeds Mr. C. Cheesman becomes director.

Mr. Norman Irens has been appointed chairman of BRISTOL WATERWORKS COMPANY. He succeeds Mr. John H. Britton, who has been chairman since 1971 and subsidiary. Mr. Irens joined the Board in 1967. Mr. Gilbert Parrott, a director since 1964, succeeds Mr. Irens as deputy chairman.

Mr. Robert Rowell has been elected president of the New-castle-upon-Tyne and District Centres of the BUILDING SOCIETIES INSTITUTE. He is a director of the Grainger Building Society.

Mr. David Wilson has been elected chairman of the Scottish Branch of the INSTITUTE OF BUILDING.

Mr. G. K. Johnston, of Bone Cravens, has been elected president of the BRITISH PLASTICS FEDERATION. Dr. K. W. Geddes becomes vice-president.

Mr. Tony Glasbey has been appointed managing director of CHAMPION TYRE REPAIRS, a subsidiary of the Industrial Distributions Group.

Mr. Malcolm Jones has been appointed finance director of WESTLAND HELICOPTERS and has relinquished his post as group financial controller. Westland Helicopters is a subsidiary of Westland Helicopters.

Long Bradwell (formerly Mr. Tom Driberg) has accepted a directorship of a new insurance company in Cyprus, the EAST MEDITERRANEAN INSURANCE AGENCY, who act as attorneys for the contract accounts for the Black Sea and Baltic and cost control departments. Mr. Stan F. Holden and Mr. Frank D. Thomas have been appointed directors of the company. Mr. Holden has been appointed to the Board of estimator since 1967 and Mr. Thomas procurement manager and H. Hogarth and Sons since 1971.

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Mr. A. Foulkes has been appointed managing director of WILTSHIRE SHOPPING. Foulkes started 12 years ago as a setter out and has worked his way up through the company, a director since 1964, succeeds Mr. C. Cheesman becomes director.

Mr. Robert Rowell has been elected president of the New-castle-upon-Tyne and District Centres of the BUILDING SOCIETIES INSTITUTE. He is a director of the Grainger Building Society.

Mr. David Wilson has been elected chairman of the Scottish Branch of the INSTITUTE OF BUILDING.

Mr. G. K. Johnston, of Bone Cravens, has been elected president of the BRITISH PLASTICS FEDERATION. Dr. K. W. Geddes becomes vice-president.

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STOCK EXCHANGE BUSINESS IN APRIL

Turnover in short gilts down 25%

BY ALAN HILLS

HEAVY PRESSURE on sterling which forced a rise of 1½ points to 101 per cent in the Minimum Lending Rate during the month after uncertainty about acceptance of the Government's new pay policy proposals acted as restraining influences on Stock Exchange business last month.

Both the equity and gilt-edged sections saw a contraction in trade, partly attributable to April having three fewer trading days than March.

Business in all securities for the month amounted to £2.8bn, a fall of £1.3bn from the March figure which continues the gradual decline from last January's all-time peak of £4.6bn. The monthly

average for 1975 was £7.8bn. Short-dated gilt-edged issues accounted for the bulk of the drop in April turnover, the figure for this sector being about £1bn, or 25 per cent down on the month, at £2.9bn. The outcome was an overall reduction in turnover for gilts of £1.1bn to £4.6bn, well below the record January figure of £13.7bn.

The number of bargains in gilts as a whole was 7,215 fewer, at 54,595, while those in the shorts were 2,365 less at 21,426.

The average value per bargain for shorts was down to £134.55 from £161.50 in March, but other gilts had an

average value per bargain nearly £2,900 higher at £31,992. The FT Government Securities turnover index declined further to 195.9 in April, representing about a third of the January level of 588.9 and comparing with the 1975 average of 237.2.

The FT Government stocks index ended the month 0.37 lower at 62.16 after having moved between a range of 61.20 and 60.81; the high point was established after the exceptionally good March trade figures and the ending of the strike at British Leyland while the low was sustained after the sudden rise in MLR.

After showing a small improvement in business during March, Ordinary shares had their turnover last month clipped by £0.2bn, to £1.3bn, the number of bargains contracted by 124,518 to 310,123 but the average value a bargain was up from £3,349 in March to £4,068 last month.

The FT turnover index for Ordinary shares lost 24.7 points to 225.1, the lowest since last December's 190.9 which compares with January's 321.0 and the average for 1975 of 280.5.

Equity prices had a much better month than gilts, responding more favourably to

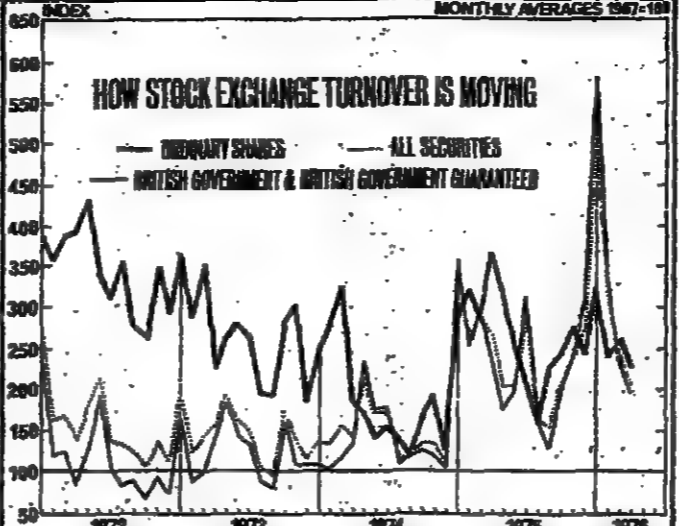
any good news in a thin market. Two optimistic business surveys, Mr. Callaghan's victory in the Labour leadership contest, and Mr. Healey's Budget proposals helped to reverse an easier start to the month, taking the FT 30-share index up to 411.8 against the end-March level of 402.4.

There was then a four-day reaction to 393.2 on worries over the Government's pay talks and sterling's weakness, but the highly encouraging March trade figures brought a subsequent rise to a 29-month peak of 419.6 on the 21st of the month.

Over the next two days there was a retreat to 401.0 on the

MLR rise but, helped by a strident pound and signs of a more flexible approach from the TUC on the Phase 2 pay talks, the 30-share index moved ahead to 418.1 by April 5.

From the end-March depressed level of 160.6, the FT Gold Mines Index sustained a fresh fall to 130.1 by April 5, the adverse South African Budget proposals having dealt a further blow to sentiment; this was the lowest for 32 months, but gold shares helped by the currency upheaval, staged a sharp rally in a short market to leave the index for the sector up 27.5 on the month at 187.9, after 182.0.



Category	Value of all purchases and sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	2,888.8	42.5	21,426	5.1	144.4	134,826	1,071
Others	1,719.8	25.3	33,079	8.1	86.0	51,992	1,654
Irish Govt.	430.9	6.3	2,813	0.6	21.5	153,171	141
U.K. Local Authority	373.9	5.6	6,590	1.5	18.7	56,739	329
Overseas Govt. Provincial and Municipal	12.8	0.2	1,358	0.4	0.6	9,417	68
Fixed Interest Stocks Pref and Prefd. Ordinary Shares	104.7	1.6	37,364	9.1	5.2	2,801	1,869
Ordinary Shares	1,261.7	18.5	310,123	75.2	43.1	4,068	15,506
TOTAL	6,792.6	100.0	412,753	100.0	339.6	16,457	20,637

* Average of all securities.

PROGRESS CONTINUES

The following salient points are from the statement to shareholders by Mr. J. A. Franks, the Chairman:

Pre-tax profit of £425,566 (£368,020) up by 15.6%; dividend increased by maximum permitted amount.

Current Domestic Laundry trading has continued to be difficult, but we hope efforts to reduce dependence on it will ensure that progress is not affected.

Significant progress over past two years in Liner Hire and Contract Laundry business has enabled us to offset decline in traditional area.

Our Computer Bureau begins to trade profitably for the first time.

Board strengthened with view to considering better use of property assets.

Hoped for continuance of Group's progress on profit and dividend fronts.

Annual General Meeting will be held at 12 noon on May 28 at the Westbury Hotel in London W1.

Newspapers in contempt over wards of court

THE DAILY Telegraph and a local evening newspaper each committed a serious contempt of court in publishing an article about a 16-year-old ward of court, a High Court judge ruled yesterday.

Mr. Justice Tudor Evans said the contempt was not deliberate. He refused an application by the Official Solicitor that Mr. William Deedes, editor of the Daily Telegraph, should be jailed or fined.

He also refused a similar application against Mr. Martin Davies, editor of the Slough Evening Mail.

The judge said that there was "an absolute prohibition" on the publication of anything concerning a ward of court without the permission of a judge.

The two newspapers were ordered to pay the costs of the two-day private hearing, estimated at £4,000.

Complex

Mr. Leon Brittan, for the Evening Mail, said publicity relating to wards of court was "a thorny and complex problem." The newspaper had done its best—a lawyer had been consulted before publication.

Mr. Charles Gray, for the Daily Telegraph, said that a costs order would be a stiff penalty for what was only a "want of care."

Mr. John Walshe, for the Official Solicitor, said that the "art of journalists was to sail as close to the law of contempt as they dared." If they sailed too close they could not expect the wind to be tempered for them.

The judge said the alternative to making the costs order would be to make the public bear the expense.

Oslo honours Churchill

A BRONZE statue of Sir Winston Churchill will be unveiled in Oslo by King Olav on Saturday, the 51st anniversary of the Liberation of Norway.

The 9 ft. high statue was commissioned by a group of Norwegian war veterans and friends of Britain and made by Mr. Ivar Robert Jensen, the sculptor of the Churchill statue in Parliament Square, London.

PHOENIX ASSURANCE COMPANY LIMITED

"Good prospects for an increase in the scale of our business and profitability"

Extracts from the Statement of the Chairman, The Viscount De L'Isle, VC, KG



In 1975 happily there were fewer natural catastrophes to take their toll.

The centre of interest was the United States where it was reported that 1975 was, in fact, the worst year ever experienced for property and casualty insurance companies there.

Your company's involvement in the United States remains significant, but because over the years we have been able to re-distribute our business world-wide with a better balance between regions, the impact on our results has been less marked than during the set-backs in the United States market a decade or more ago.

Moreover, our participation in the underwriting pool of The Continental Insurance Companies has produced a better balanced portfolio from which we have also benefited.

The reasons for our fluctuating fortunes may be found in the uncertain political and economic climate of the world today.

Our premium income is, to a very large extent, ruled by immediate market forces, but the "outgo" side of the account—claims and expenses—is increasingly affected by actions of governments or by the influences of other agencies and factors outside our control. A recent example of this is the public attitude towards court awards following death and personal injury. Much higher levels of award now being granted must result in correspondingly higher premiums. The current losses so evident in the liability classes derive from the size of these awards which, when set against the rating levels of former years, are clearly inflated. In such circumstances corrective measures take some time to restore profitability.

Inflation has been used by governments as a means of taxing the public without appearing to do so but, in the process, wealth itself is destroyed. The public are at last beginning to understand the sleight of hand which puts money into one pocket and abstracts a larger sum from the other.

Bad habits are hard to break. Only when external forces compel governments to curb their natural profligacy can better policies emerge. In the meantime we have to dance to the tune being played.

In all fields claims, expenses and salaries increase and we can, only to a limited degree, offset these by greater efficiency.

Century

The integration of Century's organisation with that of Phoenix is complete and in the United Kingdom we have managed to reduce the number of offices in commission by both companies from 126 to 88. The reduction in staff has not been proportionate but a combination of factors including effluxion of time has resulted in a reduced overall establishment. The smaller number of staff now employed is the result of a thoughtful individual approach and concern for personal circumstances.

In our home operations, common systems and fully integrated procedures have been in force since the beginning of this year. This represents a major achievement. It is worthy of note that Century premium writings have added more than one-third to our portfolio of United Kingdom business.

Fire and Accident

In the United Kingdom a satisfactory profit from the property account was partly offset by continuing losses from motor fleet and liability business. Inflation remains the principal cause of the unsatisfactory results in those classes despite substantial increases in premiums charged. The important private motor account underwritten by our Bradford and Pennine subsidiaries was profitable. Considerable capital and technical resources have been invested in this sector of our business in recent years.

Century earned a gratifying profit from its United Kingdom operations and the prospects from our enlarged home operation promise well.

On balance our overseas account has fared well. In the United States the adverse underwriting experience arose from automobile, general liability and workmen's compensation business. Rating increases applied by companies generally were too little and too late to reverse the unprofitable trend. Our participation in Continental's pool has produced better results than those of many other major companies.

In Canada we have managed to maintain the improvement initiated in 1974. In Phoenix we achieved a much reduced loss but we await benefits from measures taken to improve the Century account in the western provinces.

In Australia, workmen's compensation insurance again contributed significantly to our loss. So we have severely curtailed our exposure to this class of business. Measures already taken to improve our Australian business are now having beneficial results.

Once again we have had good results from our operations in Europe.

In South Africa conditions have been especially difficult, but encouraging progress has been achieved in countries as widespread as Brazil, Jamaica and New Zealand. Our policy of domesticating our local operations into subsidiary companies, often with the infusion of local capital, has proved its value.

We take a special pride in the growth and profitability of Continental Phoenix International Division based on New York. Its activities are conducted world-wide through the very large network of offices which are available through the co-operation of our two groups.

Marine and Aviation

Marine rating levels continue to be insufficient to offset inflation and the heavy incidence of major losses. Our premium income has increased but this is primarily due to the fall in the value of sterling against the US dollar and other currencies. Recent losses have set back any immediate prospect of improvement in the marine account.

Aviation insurance continues to suffer from a world-wide excess of underwriting capacity. The downward trend in rates has fortunately coincided with a period when the number of aircraft casualties and more particularly those involving passengers has been relatively low.

Investment

Renewed strength of equity markets in most parts of the world resulted in a most dramatic recovery in stock markets.

Phoenix has substantial equity interests and the restoration of values to more realistic levels has brought a consequential strengthening of our position. But it was felt appropriate to add extra support to our asset base by the rights issue which raised £20 million in July 1975. Our main investment policy with the new funds was to purchase high yielding fixed interest securities.

During 1975 we were able also to invest significant sums in new equity issues made by way of rights on our existing portfolio. Thus we have been able to maintain our consistent policy of securing a proper balance between fixed interest and equity investments.

The future of the equity market must depend on the ability of companies to earn profits sufficient to maintain their own momentum and to reward investors.

The depletion of industry through inflation and high taxation has in part been corrected by certain government measures, not least the relief of taxation on stock appreciation. The Sandilands report has brought home as never before the depressing fact that in sections of industry for some years the return on capital has been negative when strictly analysed.

When we look to the future, prudence dictates that we continue to maintain a higher level of liquidity in the United Kingdom than in past years but the interest rate structure is changing and the rate of increase in investment income can be expected to decline. Growth of income from United Kingdom dividends is inhibited by legislation, which depresses that part of the return on our portfolio, and this in itself is a deterrent to fresh investment in industry.

Long-term Insurance

Our new sums assured world-wide amounted to £861 million, an increase of £108 million on 1974. The total for the United Kingdom was £749 million, an increase of £53 million on 1974.

We have recently launched Pension Plan—a new contract designed to give a high level of growth with substantial guarantees and flexibility.

The valuation of the Phoenix life assurance fund as at 31st December 1975 has resulted in a release of £1 million for shareholders. With the tax attributed to the shareholders' proportion of the United Kingdom dividends received this produced a gross figure of £1,450,000. Profits from overseas subsidiaries, notably in Israel and New Zealand, bring the transfer from long-term revenue account to profit and loss account to £1,703,000.

For participating policies the rate of the reversionary bonus for the year 1975 was increased from £4.50 to £4.75 per £100 sum assured. Furthermore, the rate of terminal bonus has been increased from £0.50 to £0.65 per £100 sum assured and will be applied for each year prior to 1986 in respect of which a policy was entitled to participate in profits.

The Future

In Phoenix we operate world-wide and we see good prospects for an increase in the scale of our business and profitability. Our fortunes are, however, linked with the prospects for Britain and its people. British exports must be made competitive with those of the stronger economies in the world markets based on their quality and service. To try to buy immediate competitive advantage by the depreciation of sterling is merely to defer the day of reckoning. In particular such a policy poses immediate difficulties for the managers of an international insurance business. For this reason alone the restoration of confidence in sterling should have high priority in any government's future planning.

SUMMARY OF RESULTS

	1975	1974
General insurance		
Premiums world-wide	£245,487,000	£174,497,000
Underwriting profit	—7,378,000	—6,772,000
Long-term insurance		
New sums assured	961,000,000	853,000,000
Shareholders' profits	1,703,000	1,452,000
Investment income	24,342,000	16,413,000
Group profit (after tax and minorities)	11,128,000	5,837,000
Capital and reserves	83,167,000	56,644,000
Total consolidated assets	759,512,000	536,457,000

The group accounts for 1975 include figures of The Century Insurance Company Limited and its subsidiaries not previously consolidated.

Dividend
A final dividend of 4-697p per share is recommended. After taking account of changes in the issued share capital and rates of taxation the total dividends for the year, equivalent to 12-960p per share gross (12-4895p for 1974), represent the maximum permitted increase.

For a copy of the Annual Report 1975, please write to Secretariat Department, Phoenix House, 4-5 King William Street, London, EC4P 4HR.



Warne Wright Group

The Chairman,
Group Captain J. P. Cecil-Wright, D. L. writes:

A 26.4% increase in profits in a year where the Retail Price Index rose by 24.9% does not get one very far, but the group does continue to maintain a reasonable growth potential. A real public understanding is needed that profits are a vital necessity to a healthy economy, but these are not achieved by dealing with paperwork for government departments.

	1975	1974
Turnover	£12,854,000	£11,784,993
Surplus before Taxation	£1,111,585	£879,297
Net Surplus	£320,502	£387,484
Dividends	£148,142	£136,992
Earnings per 10p Ordinary Share	7.449p	5.503p

Warne, Wright & Rowland Ltd.
Keeley Street, Birmingham B9 4HP

General Investors and Trustees, Limited

Extracts from the Report and Accounts and the Statement of the Chairman, Mr. R. B. Wethered

The year to 31st January, 1976 in brief:

Total consolidated revenue	£1,048,628
Consolidated net revenue before taxation	£655,324
Earnings on ordinary capital	2.92p
Dividends on ordinary capital	2.80p
Valuation of investments	£21,172,542
Freehold property in Great Britain and Australia	£973,328
Freehold land held for trading in Australia	£1,246,279
Investments in Great Britain	56.98%
Investments in overseas and international companies	43.02%
Net asset value per share	123½p

The merger with City and Gracechurch Investment Trust Limited became effective on 31st October, 1975. Comparative figures for last year cannot be given.

The current prospects for our new Australian property interests are promising. We have just sold the first building plot on our largest estate in Perth.

Our holding in London and Scottish Marine Oil ordinary shares has been valued since the year-end at £36,250 against a cost of £165,000.

A dividend for the current year of 3.18p per share is forecast.

The Foreign and Colonial Investment Trust Co. Ltd.
General Investors and Trustees, Ltd.
F. & C. Eurotrust Ltd.
Century Fund S.A.
The Cardinal Investment Trust Ltd.
Alliance Investment Co. Ltd.
Foreign and National Investment Fund
1/2 Laurence Pountney Hill, London EC4R 0BA

WALL STREET + OVERSEAS MARKETS

Early losses regained: Index rises 3 Pound recovers

BY OUR WALL STREET CORRESPONDENT

FURTHER EARLY losses were more than regained on Wall Street today, following an upward surge in the last hour encouraged by the improved bid price for Federal Funds.

After dipping a further 4.59 to 95.83, the Dow Jones Industrial Average rallied to 99.70, for a net rise of 3.87. The NYSE All Company Index regained 29 cents to 823.97, while rising falls by 821.70-306. Trading volume expanded 2,060, to 17,240.

Another bullish factor was sectors, which encouraged buyers in "Glamours." Oils were helped,

\$95, while Atlantic Richfield gained \$2 to \$96.10 on its expectation that revenues from petrochemical operations will top \$2 by 1980.

Platinum advanced \$1 to \$42 in a generally higher coal sector. Kennecott put on \$1 to \$33. Cabot climbed \$1 to \$24 but Sprague Electric dropped \$2 to \$30 on the termination of merger talks.

Canadian Southern Railway

spurred ahead \$10 to \$80 before trading was halted.

White Consolidated Industries improved \$2 to \$23, following the proposed termination of the merger with White Motor. In addition, White Consolidated reported first quarter net earnings of 85 (73) cents a share.

Singer climbed \$1 to \$191 on analysts' prediction of "excellent" years this year and next year.

IBM moved ahead \$3 to \$332, Boeing \$4 to \$301, Xerox \$2 to \$311, Pitkin \$2 to \$32, and Alcoa \$1 to \$31.

The American SE Market Value Index rose 0.16 to 101.97, but declines in topper advances, 517 to 1,000, shares.

Turnover amounted to 1,030, in 11,700 shares.

South African Gold Mines fell 0.01 to 89.39. Western Oils 1.94 to 228.35 and Utilities 0.85 to 141.65.

But Banks rose. Insurances declined rather sharply. Nationale Nederlanden down \$1.80 to \$5.7. Transports were steady to fractionally lower, while Dutch Industrials were mainly down.

Each Distillers shed \$1.50. Bonds were steady to \$14.10 off.

STERLING recovered in the weighted average depreciation foreign exchange market yesterday, after falling quite sharply.

The pound opened at \$1.870, and fell to a low of \$1.840, but improved fairly steadily in the afternoon to close at \$1.870-1.880, a fall of 10 points on the day. Publication of the official reserve figures had little effect on sterling and there was no indication of support from the authorities during the day.

The pound's trade-weighted depreciation since December 1971, was unchanged at 37.3 per cent, after widening to 37.8 per cent.

At the Italian firm lost ground on uncertainty ahead of the forthcoming general election in Italy, closing at 1,917 in terms of the dollar compared with 1,902 previously.

Fears about the future of sterling and the firm were again equalled by the upward movement of the Swiss franc, which improved to Sw.Frs 2.482 from Sw.Frs 2.401, and further supported by the Swiss central bank's decision to slow the Swiss franc's advance.

The French franc was weaker, however, closing at Fr.Frs. 4.87 against the dollar compared with Fr.Frs. 4.835. The dollar's trade-

GOLD MARKET

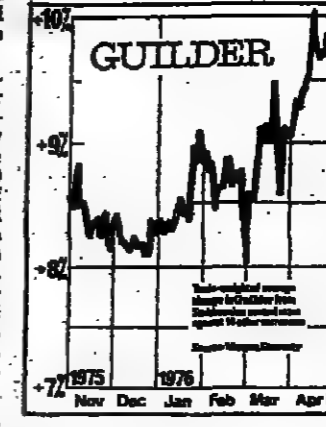
May 4

(Gold Bullion in fine ounce)
 London \$117.125-117.125
 New York \$117.125-117.125
 Amsterdam \$117.125-117.125
 Hong Kong \$117.125-117.125
 Singapore \$117.125-117.125
 Tokyo \$117.125-117.125
 Zurich \$117.125-117.125
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FOREIGN EXCHANGES

May 4

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TUESDAY'S ACTIVE STOCKS

Change
 Stocks Closing on
 Tuesday, May 4, 1976
 Dow Jones Industrial
 Average 99.70
 NYSE All Company
 Index 823.97
 Volume 17,240
 Turnover \$1,030,000,000

hy rumours circulated in London that Saudi Arabia called for a one-year freeze on oil prices.

Initial softness was attributed mainly to worry about a possible increase in U.S. monetary policy and its possible impact on interest rates.

Mr. James O'Leary, vice chairman of the United States Export-Import Bank, commented the bank prime interest rate to advance to 7-7 1/2 per cent by the end of the year from the current 6-1/2 per cent.

In active oil, Exxon rose \$1 to \$95, while Atlantic Richfield

OTHER MARKETS

Canada firm

Canadian Stock Markets also turned firmer in moderate to active trading yesterday.

The Industrial Share Index put

on 1.08 to 191.09. Base Metals 1.94 to 228.35 and Utilities 0.85 to 141.65.

But Banks rose. Insurances declined rather sharply. Nationale Nederlanden down \$1.80 to \$5.7.

Transports were steady to fractionally lower, while Dutch Industrials were mainly down.

Each Distillers shed \$1.50. Bonds were steady to \$14.10 off.

STERLING recovered in the weighted average depreciation foreign exchange market yesterday, after falling quite sharply.

The pound opened at \$1.870, and fell to a low of \$1.840, but improved fairly steadily in the afternoon to close at \$1.870-1.880, a fall of 10 points on the day.

Publication of the official reserve figures had little effect on sterling and there was no indication of support from the authorities during the day.

The pound's trade-weighted depreciation since December 1971, was unchanged at 37.3 per cent, after widening to 37.8 per cent.

At the Italian firm lost ground on uncertainty ahead of the forthcoming general election in Italy, closing at 1,917 in terms of the dollar compared with 1,902 previously.

Fears about the future of sterling and the firm were again equalled by the upward movement of the Swiss franc, which improved to Sw.Frs 2.482 from Sw.Frs 2.401, and further supported by the Swiss central bank's decision to slow the Swiss franc's advance.

The French franc was weaker, however, closing at Fr.Frs. 4.87 against the dollar compared with Fr.Frs. 4.835. The dollar's trade-

weighting was unchanged at 37.3 per cent, after widening to 37.8 per cent.

FARMING AND RAW MATERIALS

New Covent Garden debt relief sought

LONDON'S NEW £42m Covent Garden market at Nine Elms, is so burdened with interest charges that the controlling Authority is seeking to have some of the £22m loan debt written off. Sir Samuel Goldsmid, the new chairman, said yesterday.

The Authority's annual report—covering nine months of the year at the flower, fruit and vegetable market—shows that it ended with a net surplus of £1.7m, but this was entirely from the sale of properties in the old market.

Apart from this, after providing for interest on loans and depreciation, the accounts show a loss of £3.3m. Interest payments to the Ministry of Agriculture amounted to £3.3m, and depreciation, £18,000.

Because of serious financial problems arising from the loan charges, "serious doubts exist whether the Authority will be able to meet its statutory obligation to break even on revenue account, taking one year with another," said Sir Samuel.

"Discussions with the Ministry of Agriculture are proceeding on ways of dealing with the situation arising from developments almost entirely beyond the Authority's control," he said.

The most important cause of the financial difficulties, says the report, was the three-year delay in starting construction of the new market. The old Covent Garden buildings started in 1971 had coincided with the most rapid increase in costs ever experienced by the British construction industry.

Potato stocks diminishing

By Peter Bullen

WITH POTATO stocks rapidly diminishing, the Potato Marketing Board said in its weekly report yesterday that prices were higher than a week ago, but below the peaks reached in the past seven days.

It puts the range of retail prices for old potatoes at 14p to 18p a lb, up 1p on a week ago, but points out that demand is being largely met from increasing quantities of imported new potatoes.

It estimates that Britain had only 50,000 tons of old potatoes left.

With lifting of home grown exports not expected in quantity for another four weeks, the 50,000 tons stocks are inadequate. However, imports of new potatoes from Cyprus and other countries are building up and should bridge the gap between the end of the British main crop and the start of the earlies.

India sues five U.S. grain companies for \$215m.

By DAVID BELL

THE INDIAN Government has sued five major American grain companies, charging them with fraud in grain shipments over the past 18 years and claiming \$215m in damages.

The Indian suit—the first civil action to follow two years of wide ranging Federal investigation of grain fraud—was filed yesterday afternoon in five identical complaints in a court in New York State. The companies named are some of the largest grain companies in the world—Cargill, Continental Grain, Cook Industries, Louis Dreyfus and Peavey.

In the complaints, the Indian Government charges that "grain shipments delivered by the defendants to the plaintiffs were not the same in grade, kind, quality, weight, size, quantity or description as called for in the pertinent contracts."

Instead, the charge continues, "they were inferior and of lesser value than the grain specified in the contracts in that they were short in weight, or lower grade and quality, and were infected or contaminated."

The suit seeks damages of \$75m from Cargill and Continental, \$35.5m from Cook Industries, \$26.25m from Dreyfus and about \$35m from Peavey. About one third of these totals represent punitive damages claims.

A major Federal investigation of grain fraud began in New Orleans two years ago following complaints from a number of foreign purchasers about the quality and weight of grain they were receiving.

The Senate and the House of Representatives have both passed Bills to tighten grain inspection procedures. But President Ford has threatened to veto the Senate Bill, which is designed to put almost all inspection under the aegis of the Federal Government and take it out of the hands of local inspectors.

U.S. grain exporter, Louis Dreyfus, said 625,000 tonnes of grain to the Soviet Union, a spokesman for the New York based company told Reuters.

The sale, the first made by the company to the USSR since October last, consisted of 500,000 tonnes of maize and 125,000 of wheat.

The maize sale will consist of 300,000 tonnes of 1975-crop for shipment by September 30 and 200,000 of 1976-crop for shipment after October 1. The wheat will consist of 1976-crop supplies, also for shipment after October 1.

It had been suggested that last night's fall in New York was due to rumours of a coming reduction in Brazilian exportation of soybeans.

recovery resulted from news that only domestic retail prices were affected. Whether or not this was the case, yesterday's rise is generally regarded as an indication of the continuing volatility of the coffee market.

U.K. zinc smelting to resume

COMMONWEALTH SMELTING

was phasing in parts of its Avonmouth zinc smelter in preparation for restarting production at the end of this month, said a spokesman for the parent company, AM and S Europe, reports Reuters.

Over the last two months the smelter's workforce had been carrying out a regular repair and maintenance programme. This was delayed and protracted by a 19-week strike by about 800 members of the Transport and General Workers Union, who returned to work on March 3.

The plant is the only zinc smelter in the U.K.

On the London Metal Exchange, zinc prices fell sharply, with three months metal closing at 28.75 lower, at £428.75 and £443.75 a tonne respectively. In after hours dealings the three months price fell another 2.75, to £446 a tonne.

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WASHINGTON, May 4.

COCOA AND coffee values on the London terminal markets rose again yesterday, July cocoa gaining £19, to £1,925.5 a tonne, and July coffee £23, to £1,229 a tonne.

The higher opening in the cocoa market was generally attributed to the continuing weakness of sterling, but signs of growing demand for current crop physical cocoa encouraged a further increase.

The firm opening in New York pushed the London rise to the 230 limit and though some profit-taking was seen after trading resumed, the closing tone was firm. Dealers noted that the market seemed less speculatively based, with significant trade interest in evidence for the forward months.

Coffee prices traded lower for most of the day, in line with the New York overnight tone, but when New York closed, London prices climbed rapidly.

It had been suggested that last night's fall in New York was due to rumours of a coming reduction in Brazilian exportation of soybeans.

recovery resulted from news that only domestic retail prices were affected. Whether or not this was the case, yesterday's rise is generally regarded as an indication of the continuing volatility of the coffee market.

U.K. zinc smelting to resume

COMMONWEALTH SMELTING

was phasing in parts of its Avonmouth zinc smelter in preparation for restarting production at the end of this month, said a spokesman for the parent company, AM and S Europe, reports Reuters.

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International Financier
DAIWA
SECURITIES

MINES—Continue

FAR WEST RANCH

[illegible]

O.F.S.

[illegible]

AND PLATINUM

1110	68	Rehadrage Pl. 10c	106	+2	104.5c	2.2	6.8
935	198	De Beers Df. 5c	280	-1	Q28c	2.2	6.8
614	850	Dn. 40pc Pl. 85	.....	.....	Q200c	.....	10.0
128	69	Leydenberg 12c	117	+1	102.9c	1.5	1.5
297	108	Pol. Plat. 2c	190	-5	105c	1.8	1.8
163	90	Unum Plat. 10c	160	.....	104.9c	1.8	1.9
168	88	Waterval 5c	162	.....	105.2c	1.8	1.8

CENTRAL AFRICAN				
Production 35c.....	93rd	1034c	2.1
June 24 file	95		1035c	1.7

127	25	Golden Aulac...	25	.....	Q336	1.3	2.3
142	25	Golden Phoenix 125-g...	25	.....	1.25	0.2	7.7
195	11	Rho. Corp. 185p...	13	.....	0.56	6.0	6.6
195	135	Rosen Const. Fd.	1.75	-5	Q214.0	4.7	3
175	142	Tamagayika 50p...	163	.....	Q335	1.2	3
68	65	De. Prod. 80p...	65	.....	Q9	28.0	11.4
68	25	Winnick Col. Rn. 1...	25	.....	Q5	1.3	10.0
46	24	Zana. Cor. SBD028...	33	.....	QUS4	3.2	6.2

AUSTRALIAN

200	132	A.M. and S. 50c	200	+7	Q7c	¢	2.1
149	96	Bongomville 50c	149	+3	Q10c	¢	4.4
296	145	BH South 50c	195	+9	—	—	—
75	35	Gold Mt. Eagle \$1	40	+5	—	—	—
82	58	Hampton Arms 5p	78	-2	1.18	4.2	2.1
57	38	Metals Ex. 30c	57	—	—	—	—
20	14	Metromax 30c	17	—	—	—	—
294	200	S.M. H. Hips 50c	274	-2	Q10c	1.8	—

35c	105	+10
10c	2	.
10c	179	+4

9	5	North East 30c	6				
79	65	Oakridge S.A.	78	+2	108c	1.3	6.7
35	14	Pacific Cyp. 25c	30	+5			
725		Panama 1/2c	5194	+4			
15	9	Paraguay 10c	13				
580	430	Pekin Walls 50c	580	+15	Q15c	+	1.7
205	140	Puerto Rico 20c	205	+15			
13	9	Vallejo Min. 50c	10				

... 10c	7	...
... 50c	165	+2
... 20c	96	...

TINS									
45	28	Amal Nigeria	35	.....	5.62	1.6	24.7		
228	160	Ayer Hitam	229	.....	113.0	1.8	9.1		
30	17	Berak Tin	264	2	21.75	.....	10.2		
395	315	Berangas SACC	395	+5	20.32	.....	.....
16	13	Ex Lands 10p	14	.....	15	3.8	16.5		
710	755		710	.....	12	2.3	.....	

3rd 12:30	10	
Cons.	205m	+5

72	64	Hongkong	72				
70	56	Johns 10p	63ad	+1	7.35	+	17.5
37	31	Junior 15p	3				
7	7	Kansington 16p	6	+1	27.0	1.2	+
195	135	Killinghall	195		Q50.0	+	25.6
175	147	London Tr 20p	170st		7.47	+	6.8
212	168	Misley Dredging	210st	+2	10.7	2.0	7.9
38	20	APBong	30		8022.6	+	13.3
55	40	Prudential 10p	40st		27.0	1.5	

119	+2
36	
20	

177	105	Salm. Mol. yam	172m	10.7	0.9	9.6
37	31	Sungai Pesi 2ip	36	36.0	3.0	3.0
33	29	Sungai Way 2nd	33	29.10	—	5.3
42	40	Tanjong 2ip	45	4.0	—	13.7
58	40	Tanjong HD 2M1	43	42.34	0.6	20.3
92	58	Trough	92	4.29	—	7.2

1. FIRST RECORD...	54	...
RD.50 ...	275	...

MISCELLANEOUS						
10	8	Burma Mine 177p...	9	01	4	1.8
394	23	Charterhall Sp	25	...	...	...
265	580	Com. March. 18c	950	...	Q80c	1.8 5.0
41	28	Laurasia	41	+1	...	...
255	245	Northgate Csl	395	+5	Q25c	0.3 3.3
199	178	RT2	235cl	...	5.42	2.1 3.6

code, CSI ...	37	-5
code, SI ...	512	+3
code, CSI ...	132	+5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominated in £s. Estimated price/cashings and cover are based on latest annual reports and accounts.

are updated on half-yearly
per cent. P/Es are calculated
selected figures indicate 10 p

sterling denominated securities which include investment dollar premium.

marked thus have been adjusted

Interim since increased or resumed.
Interim since reduced, passed or deferred.
Tax-free to non-residents.
Figures or report omitted.
Banks and insurance: reserve allocations may preclude
calculation of dividend cover.
Price at time of suspension.
Indicated dividend after pending apply and/or rights issue
cover relates to previous dividend or forecast.

organisation in progress

Same interim; reduced final and/or reduced earnings indicated.
Based on 1973 profits.
Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
Excluding a final dividend declaration.
Bookish price.

^d Dividend rate paid or payable

point; cover based on dividend on full capital. c Redemption yield. f Flt. yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. i Payment on capital sources. k Kenya m Interim higher than previous total. n Rights issue pending. o Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. v Forecast dividend/ratio based on annual dividend.

Dividend and yield based on
include a small amount

Dividends paid you include a special payment. Cover does not apply to special payment.

D Dividend and yield. E Preferred dividend issued or noncumulative. F Issue price. G Assumed dividend yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. Q Gross. T Figures based on I No. shares outstanding at year-end.

dividend = 25 cents per share

"Recent Issues" and "Rights" Page 24

per annum for each s

INDUSTRIALS—Continued										INSURANCE										PROPERTY—Continued										TRUSTS—Continued										TRUSTS—Continued									
High	Low	Stock	Price	Chg	Vol	Div	Yld	Div	Yld	High	Low	Stock	Price	Chg	Vol	Div	Yld	Div	Yld	High	Low	Stock	Price	Chg	Vol	Div	Yld	Div	Yld	High	Low	Stock	Price	Chg	Vol	Div	Yld	Div	Yld	High	Low	Stock	Price	Chg	Vol	Div	Yld	Div	Yld
124	124	Amalgamated	22	1/4	100	1.00	4.00	1.00	4.00	124	124	Amalgamated	22	1/4	100	1.00	4.00	1.00	4.00	124	124	Amalgamated	22	1/4	100	1.00	4.00	1.00	4.00	124	124	Amalgamated	22	1/4	100	1.00	4.00	1.00	4.00	124	124	Amalgamated	22	1/4	100	1.00	4.00	1.00	4.00

MP's death adds to committee conflict

BY RICHARD EVANS, LOBBY EDITOR

THE SUDDEN death yesterday of Mr. Hugh Delargy, chairman of the Commons Committee of Selection, has thrown into confusion the increasingly bitter conflict between the Government and the Opposition over the selection of the standing committees which consider Government legislation.

Conservative leaders have decided to withhold threatened parliamentary guerrilla tactics aimed at disrupting Government legislation, in the hope that a compromise formula will be reached which will give parity on standing committees after the Government's loss of an overall majority.

But the death of Mr. Delargy, 65-year-old Labour MP for Thurrock, has delayed formal talks between the parties. Tories immediately cancelled plans for a second debate last night, when they had hoped to reverse their six-vote defeat on Monday.

Ministers now have a brief respite to decide whether to reach a compromise with the Opposition or face the prospect of a blockade of Government legislation.

Unofficial agreements to end lengthy committee stages on the controversial Education Bill and the Agriculture and Fisheries Bill on May 13 have not been abandoned by the Tories.

If there is no compromise formula and the guerrilla tactics reach serious proportions this summer, there will be an increasing prospect of an autumn election. Mr. Callaghan has already hinted that he might be forced to go to the country if the Government cannot get its legislation through.

The Committee of Selection plans to meet today to decide what to do following Mr. Delargy's death, and to discuss the composition of the committee for the Finance Bill, which receives its second reading on Monday night.

Mr. Delargy's death at Westminster Hospital came about 12 hours after he made one of the most controversial speeches of his long parliamentary career. As chairman of the Committee of Selection, he defended the decision to give Labour a majority of one on standing committees, in spite of the Government's loss of an overall majority.

He was under considerable strain because of angry protests from Conservative and other Opposition MPs that the numbering of committees would have to be changed to give the Opposition parties parity. But he insisted that Labour members of the committee had not bent the rules or done anything dishonest.

A senior Labour backbencher, Mr. Tom Swain (Derbyshire NE), declared emotionally yesterday: "The Tories killed Hugh Delargy."

He was politically assassinated. This is something the Tories can never be forgiven for. He was doing something strictly right, according to his own conscience."

Mr. Humphrey Atkins, Conservative Chief Whip, stressed that differences had been political rather than personal, and he hoped the strains of the current controversy had not contributed to Mr. Delargy's death.

Similarly, in the Commons debate, Mr. John Peyton, Shadow Leader of the House, had emphasised that there was no argument about the honour or honesty of Mr. Delargy. Nothing reflected on his responsibility.

Mr. James Callaghan, the Prime Minister, said in a statement that he was shocked and deeply saddened to learn of Mr. Delargy's death.

"He was one of that generation of crusading journalist politicians who did so much to contribute to post-war democratic socialism. He will be sadly missed by all his friends and colleagues in all parts of the House."

Mr. Delargy, a well-liked, gentle Irishman, entered Parliament in 1945 as a Manchester MP, and transferred to Thurrock in 1950. His majority in a three-cornered fight in October, 1974, was over 18,000.

Parliament Page 15

Labour faces call for sweeping changes in State and industry

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE HOME POLICY committee of the Labour Party national executive agreed yesterday to forward to a full meeting of the NEC a week to look at a policy document which it accepted would involve substantial extension of public ownership into industry and agricultural land, and radical reshaping of Whitehall.

The committee spent over five hours considering the 30,000-word document, which will be substantially reduced before next week's meeting by a drafting committee of six, including three Ministers.

The chairman of the committee, Mr. Anthony Wedgwood Benn, Secretary for Energy, said Ministers from ten government departments had submitted comments on the proposals. He refused to be drawn on whether the Treasury had costed them. It is understood that if implemented they might add as much as £300m to current estimates of public spending.

The NEC is unlikely to reach a final decision on the document before its meeting on May 23. The full document will probably be published in *Labour Weekly* two days later. Should the NEC approve its contents, a two-thirds majority of the Labour Party conference in the autumn would be required to ensure their inclusion in Labour's Programme 1976.

Even then there will be no guarantee that the far-reaching proposals would be included in the next Labour election manifesto. That would be a matter for a joint meeting of the NEC and the Cabinet to decide.

The committee also decided to put before next week's NEC a proposal from Mr. Eric Heffer, the Left-wing MP for Walton, that a referendum be held on the issue of devolution. It was agreed that the committee should concentrate its efforts next year on environmental matters and on refining Labour's attitude towards the EEC, though there is no question of the party going back on the result of last year's referendum on British membership.

The NEC will be asked to consider separately in July a document from the committee recommending a State takeover of the four clearing banks and six leading insurance companies.

Chrysler U.K. £35m. loss not funded under rescue deal

BY LORNE BARLING

CHRYSLER U.K., which is being propped up by a £162m. Government support operation, yesterday announced a net loss of £35m. for 1975, adding the loss of the previous year.

Mr. John Riccardo, Chrysler's chairman, gave little hope for immediate optimism, pointing out that a significant loss was also expected this year as a result of redundancies and reorganisation.

Current efforts are being directed towards "the company returning to profitable operation during subsequent years," he said. Mr. Don Lander, managing director of Chrysler U.K., said recently that the company should be marginally profitable next year.

The preliminary statement stresses that the loss is not being funded under the Government agreement, but by short-term borrowings. These have been stabilised by the medium-term loan facilities in the agreement, the company claimed.

Since the agreement, the company has insisted that the money being made available, mainly for capital investment, is sufficient to stabilise the company. A sum of £40m. is available to cover losses for the year, with an additional £20m. which could be provided jointly by the Government and the Chrysler Corporation.

The figures showed that total revenue for the year was £251m., compared with £215m. in 1974, and are accompanied by generally optimistic comments by Mr. Riccardo.

"The company is confident, on the most conservative forecasts, that there will be growth both in this country and in Western Europe generally in the next four years," he said. It was intended that both domestic and export sales would increase, particularly to Iran, in 1977 when new facilities were completed.

Chrysler has already placed orders for equipment worth £28.5m. intended for the modernisation of its plants at Ryton, Linwood and Dunstable, and the development of a new range of cars and other vehicles.

Two loans for £27m. and £28m. have been made available for capital investment. The first guaranteed by the Chrysler Corporation and the second a charge on Chrysler U.K. assets.

On the labour side, the rescue scheme demanded redundancy for 8,000 workers which, on an average saving of £3,000 per job, will hopefully save the company £25m. a year when fringe benefits are taken into account.

Weather

U.K. TO-DAY
CLOUDY, brighter later.
S.E. and Cent. S. England, East Anglia, Midlands, becoming brighter with showers. Wind S.E. veering S.W. light or moderate. Max. 15C (59F).
Channel Islands
Bright intervals, showers. Wind S. veering S.W., light or moderate. Max. 14C (57F).
S.W. England, Wales
Becoming brighter, rain later. Wind S.E. veering S.W., light or moderate. Max. 12C (54F).
E., N.W. and Cent. N. England, N. Wales
Cloudy, rain. Wind S.E. backing N.E., light or moderate. Max. 11C (52F).

BUSINESS CENTRES

V day	Mid-day	V day	Mid-day		
Al. Valencia	25	24	Madrid	25	24
Barcelona	25	24	Manchester	25	24
Madrid	25	24	London	25	24
Paris	25	24	Edinburgh	25	24
Rome	25	24	Aberdeen	25	24
Stockholm	25	24	Glasgow	25	24
Oslo	25	24	Cardiff	25	24
Amsterdam	25	24	Belfast	25	24
Brussels	25	24			
Frankfurt	25	24			
Hamburg	25	24			
Köln	25	24			
Munich	25	24			
Nuremberg	25	24			
Regensburg	25	24			
Salzburg	25	24			
Vienna	25	24			
Zurich	25	24			

HOLIDAY RESORTS

V day	Mid-day	V day	Mid-day		
Amsterdam	25	24	Jersey	25	24
Barcelona	25	24	Las Palmas	25	24
Edinburgh	25	24	London	25	24
Glasgow	25	24	Madrid	25	24
London	25	24	Manchester	25	24
Manchester	25	24	Paris	25	24
Paris	25	24	Rome	25	24
Rome	25	24	Stockholm	25	24
Stockholm	25	24	Vienna	25	24
Vienna	25	24	Zurich	25	24
Zurich	25	24			

Lighting: London 20.59, Manchester 21.15, Glasgow 21.32, Belfast 21.24.

S-Sunny, I-Fair, C-Cloudy, R-Rain.

Ministries split as 48-hour cod war limit is set

BY MALCOLM RUTHERFORD

THE GOVERNMENT last night set itself a limit of 48 hours to reach a decision on the next move in the cod war with Iceland.

It became more clear than before that there are serious divisions between the Ministries involved.

The announcement came after an emergency meeting in London between Ministers and representatives of the fishing industry.

Earlier in the day trawlermen had threatened almost immediate withdrawal from disputed waters unless full naval protection was restored.

Mr. Fred Peart, Agriculture Minister, called trawlermen after the meeting to say that the decision on Royal Navy protection would be taken within 48 hours.

Reaction from the fishing industry was to ask skippers to be near when the Government decision had been taken, although there were fears that under pressure of Icelandic harassment some skippers might ignore the request.

The difference in the Government is over the role of the Navy. The Defence Ministry,

always a reluctant participant in the cod war, believes the risk to Royal Navy ships and crews is too great and is seeking to avoid direct contact with Icelandic gunboats.

According to the industry, this means that frigates are merely giving advance warnings of Icelandic attacks and are no longer trying to prevent them.

Catches fall

Catches have fallen drastically in the past few days and the number of trawlers on fishing grounds has been reduced from about 40 to 16.

The Foreign Office has continued its efforts towards a negotiated settlement, believed to be near when Mr. Roy Hattersley, Minister of State at the Foreign Office, visited Oslo at the end of last month.

But the feeling last night was that Iceland would have little incentive to settle when the relevant British Ministries appeared to be in such disagreement, among themselves and with the industry.

Fish limit call Page 7
Fishing industry survey, Pages 14 and 15

State rescue of AEI Scientific discussed

BY MARGARET REID

A TAKE-OVER of GEC's loss-making instrument business, AEI Scientific Apparatus, by Cambridge Instrument, the Cambridge Scientific Instrument concern formed last year with State backing, has been discussed and conditionally agreed.

However, conclusion of the deal which would lift the threat of serious redundancies among AEI Scientific's 500 Manchester-based staff is believed to depend on provision of further public money. This could be either through the National Enterprise Board, which has a 28 per cent share stake in CI, or the Department of Industry, or both.

Mr. David Cole, joint chairman and chief executive of CI, said last night: "A proposal for a take-over of AEI Scientific by this company has been discussed in principle between us and GEC and a measure of agreement in principle has been reached."

The NEB stated later: "A proposal for the merger with State financial support is being prepared for submission to the NEB and the Department of Industry."

Should the NEB provide funds to promote the get-together of CI and AEI Scientific in a major new coupling of the British scientific instruments industry, it would be the NEB's first action of the kind parallel to the role of the former Industrial Reorganisation Corporation.

Encouraged

In the late 1960s, under an earlier Labour Government, the IRC acted to bring about the merger of major car-making interests in British Leyland Motor Corporation, whose successor, British Leyland, is now almost entirely owned by the NEB. The IRC also encouraged the merger of GEC itself, which had taken over AEI, with English Electric.

A further merger within the scientific instrument industry has long been on the cards. When Cambridge Instrument was formed, with £4.5m. of Government support, the combined merger of the private Metals Research with Scientific and Medical Instruments, a subsequent link with AEI Scientific was an acknowledged possibility.

Pressure for a merger on the possible merger is now strong.

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Benn oil talks

special responsibility for the development of North Sea energy. He will also be a member of the negotiating team.

Ray Daffer, Energy Correspondent, writes: The change in the negotiating team comes at a vital time in the participation talks.

Although the Government has signed a number of agreements, they have been mostly with smaller offshore operators; groups in which the State already had a good deal of leverage.

For example, the Trecroft deal was tied in with Government guarantees for up to £50m. worth of bank loans for the project.

Perhaps the most important deal to be concluded to date—the one involving Gulf and Continental Oil—was expected as the groups are already in exploration partnership with the British National Oil Corporation.

The Government has still to conclude deals with the major North Sea operators, including British Petroleum, Shell and Esso. BP is reported to be actively negotiating a participation agreement while Esso has said in public it prefers not to volunteer for an arrangement.

In general, Mr. Wedgwood Benn's new involvement in the

negotiations has had a muted response from the oil industry which has found the Energy Secretary to be less of a thorn in the flesh than they might have originally feared.

Some oil executives welcomed the change as a rational move. It was, they said, for all oil industry negotiations to be kept under one roof rather than split between various Government departments.

Up to now the terms have been more conciliatory than some companies had expected—the Government agreeing to take a 51 per cent option on oil produced from a field as a whole rather than insisting on a majority stake in each of the licensees' interests.

It has also agreed that the British National Oil Corporation should take up its option by buying the oil at market value.

The Energy Secretary will be ultimately responsible for negotiating participation terms, the future refining policy and ultimate depletion controls, all of which are interdependent and likely to influence the speed with which the oil industry continues its exploration and development of North Sea energy.

THE LEX COLUMN

Investment policy at the Pru

The lure of gilt-edged proved strong for Prudential Assurance last year, as it did for most other institutions. The 1975 report shows that the Pru put nearly £100m. into gilts and with commitments remaining high in property there was precious little left over for equities. Net purchases of U.K. Ordinary shares, mainly through rights issues, appear to have been more than offset by the rundown of loan-financed holdings of overseas equities.

But in terms of the year-end market value of its Ordinary Branch portfolios the pattern of investment has shown comparatively little change. At 22 per cent, the fixed interest proportion is below the average of recent years, and the main longer term shift has been in the growth of property holdings—worth only half as much as equities at the end of 1971, at a similar stage in the stock market cycle, but now accounting for 32 per cent of assets against 39 per cent for Ordinary shares.

The Pru explains about a third of its high investment last year in property—some £65m.—in terms of its support operations, of which Town and City must be the notable example. Another third represented prior commitments and the rest the taking of favourable market buying opportunities. Outgoings could, however, now ease back to the £40m. annual level in the next couple of years whereas the group's availability of funds for investment may rise near to £200m.

With this pattern being repeated, with minor variations, throughout the life insurance sector the opportunity for the Government broker is underlined. Indeed it looks as though the Prudential, which unusually for a life office increased its liquid assets in 1975 (by £30m. in the Ordinary Branch), was keeping something by for the January gifts spree. The message for equities is not particularly encouraging while the reverse yield gap remains so high.

So 1974's profits peak of just over £90m. pre-tax does not look especially daunting after last year's fall to £70m. After losing a little of their strength recently, the shares now yield 5 per cent at 346p, where the market capitalisation is £435m.

Germany is about the strongest trading area at present. It accounts for roughly a fifth of trading profits prior to the Sachs acquisition which, assuming the deal goes through, will be having a measurable effect on earnings in the second half of this year. At home, last year's redundancies—which could have cost up to £10m. above the line—will now be having a favourable impact on operating costs, and the group still has a great deal of spare capacity in the shape of unused overtime. It also seems to be hoping that U.K. exports could rise by as much as a half in value to about 20 per cent, of domestic turnover.

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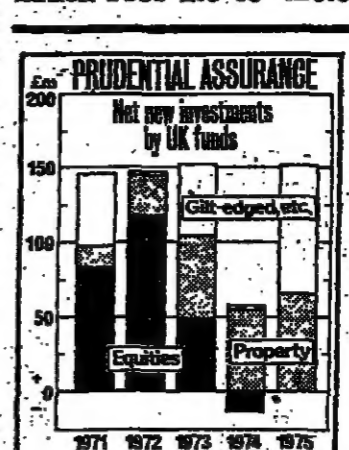
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Index rose 1.6 to 420.8



and hardware side (a quarter of the total) has been particularly squeezed. While no real improvement is expected on this side in 1976-77, a greater impact is likely from the expansion in the 5-to-10 year old clothing range, just over 1 per cent of sales last year but possibly rising to nearly 10 per cent in the current period.

The main boost should come from the 15 per cent increase in selling space last year, which mainly occurred after Christmas and made little impact, and there will be a further rise of 13 per cent this year, spread more evenly. Progress could be smaller overseas this year, though the German market should be further reduced, as the Netherlands operations are expanding; the proposed U.S. acquisition is likely to make only a small contribution.

Overall, the market is talking about a rise of a fifth or more pre-tax which should put the group at or near the top of the retailing growth table and the balance sheet remains strong enough after a net cash inflow of about £1m. last year. While the shares have been firm, a p/o of 14.5 at 188p is not high relative to a historic multiple couple of points higher a British Home Stores.

Ashbourne

The Takeover Panel has let off the hook by the surprise bid for Ashbourne Investment (which has been agreed by the important parties) for it does not now have to work out what it could have done to prevent Mr. Glazer and his associates from frustrating the Central and Sheerwood offer. Central will also be happy to be rid of what had become an extremely messy affair. An Mr. Glazer himself, who only a couple of weeks ago was released from his mandatory liquidation, may also be content since he appears to have been granted most of his original objectives.

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